翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited
翠華控股有限公司

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

Stock Code 股份代號：1314

年報 2022 Annual Report

Contents

This Annual Report is printed on environmentally friendly paper

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Yuen Hong *(Chairman)*
Mr. Lee Kun Lun Kenji *(Group Chief Executive Officer)*
Ms. Lee Yi Fang

Non-Executive Directors

Mr. Cheng Chung Fan
Mr. Wong Chi Kin
Mr. Yang Dong John

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Hong
Sir Kwok Siu Man KR (appointed on 1 October 2021)
Mr. Wong Tin King Richard (resigned on 1 October 2021)

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Sir Kwok Siu Man KR (appointed on 1 October 2021)
Mr. Wong Tin King Richard (resigned on 1 October 2021)

INDEPENDENT AUDITORS

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance of 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

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

STOCK CODE

1314

BOARD LOT

2,000 shares

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE ADDRESS

www.tsuiwah.com

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors of Tsui Wah Holdings Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively), I hereby present the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2022 (the "**Year**").

I would like to take this opportunity to express my sincere gratitude to all the staff of the Group for their efforts contributed to the Group's performance during the Year.

Business Review

During the Year, the global novel coronavirus disease 2019 (the "**COVID-19**") pandemic (the "**Pandemic**") had not broken off. In Hong Kong, given the drastic deterioration of the Pandemic, the Hong Kong government (the "**HK Government**") had further tightened the social distancing measures by, along with a raft of other social distancing measures, limiting the maximum number of persons per table in dining places to two and fully implementing the "vaccine pass". Besides, dine-in service during dinner-time had also been banned during the period from 10 February 2022 to 21 April 2022. There was no doubt that such tightened measures had more or less adversely impacted the catering sector in Hong Kong during the Year notwithstanding that restaurants could still provide takeaway services during the affected time slot. Nonetheless, the Group had responded quickly by enhancing its delivery services to customers via its own takeaway delivery team "Tsui Wah Delivery (快翠送)" and other online takeaway platforms such as "deliveroo" and "foodpanda" and had offered attractive discount to our takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service, which had partially offset the impact of the tightened social distancing measures. As for the business in Mainland China, during the Year, the Group had continued promoting its takeaway services and working closely with popular food delivery service providers such as "Meituan" and "ele.me". Our catering business in the Macau Special Administrative Region ("**Macau**"), Mainland China and the Republic of Singapore ("**Singapore**") during the Year was relatively stable. During the Year, the Group had opened 3 restaurants in Mainland China and 3 restaurants in Singapore. As of 31 March 2022, a total of 85 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore.

Despite the unfavourable business environment mainly resulted from the Pandemic, for the Year, the Group recorded revenue of approximately HK$993.3 million, representing a slight increase of approximately 3.9% as compared with approximately HK$956.4 million for the year ended 31 March 2021 (the "**Year 2021**").

Furthermore, it is worth mentioning that, for the purpose of providing an optimum opportunity for the Company to realise cash and unlock the value of its investment in the landed properties owned by the Group at a fair market value, on 14 April 2022, the Group entered into a sale and purchase agreement with a third party purchaser (the "**Purchaser**"), pursuant to which the Purchaser has agreed to purchase and the Group has conditionally agreed to sell certain number of units located at Riley House, Kwai Chung, Hong Kong (the "**Properties**") at the consideration of approximately HK$264.0 million (the "**Disposal**"). The Properties are used by the Group as workshops and ancillary accommodation for non-domestic use. The Disposal was approved at the Company's extraordinary general meeting (the "**EGM**") held on 24 June 2022 and completion of the Disposal shall take place on 14 July 2022.

Notwithstanding the challenges, without taking into account the net proceeds of approximately HK$199.4 million from the Disposal, the Group is still in a sound financial position with its consistent policy of prudent financial management. The Group currently has sufficient cash on hand, coupled with unutilised banking facilities, to meet its business needs. I believe that the Pandemic will pass and I am confident that the catering sector would gradually recover to the level prior to the Pandemic.

CHAIRMAN'S STATEMENT

Outlook

With effect from 21 April 2022, the HK Government has eased the social distancing measures by resuming dine-in service at catering businesses from 6:00 p.m. to 9:59 p.m. and with effect from 19 May 2022, the HK Government has further eased the social distancing measures by allowing dine-in service until 11:59 p.m. and increasing the maximum number of persons per table to eight, which is absolutely a good news for the stakeholders in the catering sector. Looking ahead, apart from promoting our takeaway service, the Group will identify more feasible solutions or approaches that could reduce operating costs. We shall also keep an eye on the Pandemic and the market development, analyse the situation and adjust our strategies whenever necessary to minimise adverse impacts. I am confident that we will be able to overcome all the difficulties and generate the highest possible returns for the shareholders of the Company (the "**Shareholders**") given that we, afterall, have been rooted in Hong Kong for over half a century.

Awards and Recognitions

In recognising our efforts and contribution, during the Year, we had won a number of major awards/recognitions, including Quality Tourism Services Scheme — Restaurant Category awarded by Hong Kong Tourism Board; Hong Kong Green Organisation recognised by Environmental Campaign Committee; and Upgrading and Transformation Certificate of Merit awarded by Hong Kong Young Industrialists Council.

Appreciation

I would take this opportunity to thank all of the Shareholders and all investors, customers, suppliers and partners of our Group for their unwavering support. I would also like to extend my appreciation to the management team and fellow staff members of the Group for their devoted commitment and contributions.

By order of the Board
Tsui Wah Holdings Limited
Mr. Lee Yuen Hong
Chairman

Hong Kong, 24 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The global macro-environment took a huge downturn with the emergence of the Pandemic. For the purpose of containing the Pandemic, various countries have implemented different degree of quarantine arrangements, boundary control or other travel and social distancing restrictions and measures, which caused unprecedented adverse impact on the global economy and their societies. According to the report from Hong Kong Census and Statistics Department, the overall restaurant receipts for 2021 increased to approximately HK$92.7 billion, up from approximately HK$79.3 billion in 2020, reflecting an improvement in restaurant business. Hong Kong International Airport posted a 61.3% year-on-year increase in passenger traffic numbers to just approximately 94,000 for March 2022 as compared with the previous period. Waves of business closures and unemployment rates adversely impacted consumer sentiments and spending propensity. Social distancing measures, in particular, made an even more pronounced negative impact on consumer-facing sectors such as catering services industry. Inevitably, the Pandemic changed consumer consumption patterns and the Group's operating environment, and forced the Group to relook at its business model, product and service offerings, to sustain revenue levels and optimise costs base.

BUSINESS REVIEW

During the Year, the business of the Group in Hong Kong, Mainland China, Macau and Singapore had been continuously affected by the Pandemic. As of 31 March 2022, a total of 85 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore. The Group has been taking close heed of the development of the Pandemic and the market conditions and keeping an eye on its restaurant network strategy with a view to seizing the opportunities in the market and actively making strategic deployments in different regions (especially the Guangdong-Hong Kong-Macao Greater Bay Area).

Hong Kong

Along with a raft of other social distancing measures, during the Year, the maximum number of persons per table had been restricted back to two and dine-in service during dinner-time had also been banned, which had inevitably adversely affected the Group's performance for the Year.

To minimise the adverse impact of the Pandemic, the Group had continued to enhance its delivery services to customers via its own takeaway delivery team "Tsui Wah Delivery (快翠送)" and other online takeaway platforms such as "deliveroo" and "foodpanda" and had offered attractive discount to our takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service during the Year, which had partially offset the impact of the tightened social distancing measures.

The Group's brands in Hong Kong include "Tsui Wah (翠華)", "btw", "Nijuuichi Don (廿一堂)", "Homurice (揚食屋)", "Ceylon (錫蘭)", "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish", etc. After a review of the Group's restaurant network, during the Year, the Group had closed down 4 restaurants in Hong Kong under the brand of "Tsui Wah (翠華)" and had opened 4 restaurants under the brands of "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish" in Hong Kong.

Mainland China

During the Year, the Group had continued promoting its takeaway services and working closely with popular food delivery service providers such as "Meituan" and "ele.me".

During the outbreak of the Pandemic, the business performance in Mainland China was slightly weaker than that in Hong Kong. At the beginning and the end of the Year, the Central Government had implemented lockdown policies in various cities and a number of emergency prevention and control measures to mitigate the risk of the Pandemic spreading further in the country. Despite the challenging environment, the Group remained confident in its business in Mainland China. According to the National Bureau of Statistics, the total retail sales of consumer goods in 2021 maintained a recovery momentum, with the catering revenue category increased by 18.6%. During the Year, the Group had opened 3 restaurants under the brand of "Tsui Wah" located in Guangzhou, Nanjing and Shenzhen.

MANAGEMENT DISCUSSION AND ANALYSIS

Others

In Singapore, the Group maintained its strategic partnership with Jumbo Group Limited ("**Jumbo**") and was operating a Hong Kong style Cha Chaan Teng (茶餐廳) under the brand of "Tsui Wah". Leveraging on Jumbo's strong presence in Singapore, the Group is confident that this joint venture will be successful and is expected that "Tsui Wah" and its products will establish an excellent international reputation among the approximately 5.5 million population to expand its business network in Singapore.

The Group's restaurants in Singapore have gradually resumed normal operations following the Singapore government's strategy regarding coexistence with the COVID-19. During the Year, the Group had opened restaurants at JEM mall and Jewel Changi Airport of Singapore in May and September 2021, respectively. In addition, the Group had re-opened the restaurant located at the Heeren Building in November 2021. The Group increased the number of restaurants in Singapore from 1 to 4 so as to further strengthen the Singapore market.

In Macau, the Group's "Tsui Wah" brand business has recovered as the Macau government relaxed the border controls in February 2021 by exempting all inbound mainland visitors from quarantine requirements, and commenced COVID-19 Vaccination Programme at the same time. However, the rebound of the Pandemic in Macau during the Year had resulted in another setback for the business that had already recovered. The Group has commenced timely adjustments in its business hours, staff arrangements and menu in order to minimise the impact of the Pandemic.

Despite the unfavourable business environment, the Group tried to strike a balance between protecting employment and managing our expenses. We believe that the Pandemic will pass, and we are grateful to the Board and the senior management of the Group (the "**Senior Management**") for volunteering a reduction in their remuneration to tide through the Year with the Group.

The Group received government subsidies of approximately HK$9.5 million which were mainly attributable to the Anti-epidemic Fund and the Employment Support Scheme during the Year, and helped to alleviate the current pressure as well as offset the negative impact to a certain degree.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately HK$993.3 million, representing an increase of approximately 3.9% as compared with approximately HK$956.4 million for the Year 2021. The increase in revenue was mainly attributable to the increase in the number of local diners and the gradual restoration of market sentiment in Hong Kong and Mainland China.

Cost of inventories sold

The cost of inventories sold for the Year was approximately HK$282.1 million, representing a decrease of approximately 1.2% as compared with approximately HK$285.4 million for the Year 2021. The cost of inventories sold accounted for approximately 28.4% of the Group's revenue for the Year (2021: approximately 29.8%). The decrease in the ratio of cost of inventories sold in proportion to the Group's revenue was mainly attributable to the Group's efforts to control food materials, including regularly reviewing the prices of food materials, switching the food materials of grossly inflated price or changing the menu while maintaining quality.

Gross profit

Given the increase in revenue and the decrease in the ratio of cost of inventories sold, the Group's gross profit (equivalent to revenue minus the cost of inventories sold) for the Year was approximately HK$711.2 million, representing a 6.0% increase from approximately HK$671.0 million for the Year 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs and human resources and remuneration policy

As of 31 March 2022, the Group employed 2,020 employees. The Group's staff costs for the Year were approximately HK$334.0 million, representing an increase of approximately 7.1% as compared with approximately HK$311.8 million for the Year 2021. The increase was mainly due to the increase in manpower deployment in the new restaurants in the Year and the reduction in social security contribution in Mainland China in the Year 2021, which did not recur for the Year.

The Crisis Management Committee of the Board has provided strategic direction and formulated preventive measures, including adjusting the business hours of restaurants and rearranging manpower accordingly, to mitigate the negative impacts on the well-being and safety of the Group's customers and employees and control costs to offset the impact of the Pandemic on income reduction. The Group will continue to integrate restaurants with overlapping geographic coverage, optimise the corporate structure and upgrade the internal operating system of the Group through technological development so as to boost the productivity of employees and enhance the efficiency of management and communication.

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

In addition, the Company adopted its share option scheme on 5 November 2012 (the "**Share Option Scheme**"), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2022, no share options were outstanding under the Share Option Scheme and no options were exercised, cancelled or lapsed during the Year.

Further, the Company adopted a share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purposes of, amongst others, providing incentives and helping the Group in retaining its existing employees. Since the adoption of the Share Award Scheme and up to 31 March 2022, none of the issued shares purchased has been distributed under the Share Award Scheme.

Depreciation and amortisation

During the Year, (i) depreciation and amortisation of property, plant and equipment, investment properties and intangible assets were approximately HK$64.3 million, equivalent to 6.5% of the Group's revenue (2021: approximately HK$67.1 million, equivalent to 7.0% of the Group's revenue); and (ii) depreciation of right-of-use assets were approximately HK$182.3 million, equivalent to 18.4% of the Group's revenue (2021: approximately HK$198.3 million, equivalent to 20.7% of the Group's revenue). The aggregate amount of depreciation and amortisation was approximately HK$246.6 million, equivalent to 24.9% of the Group's revenue (2021: approximately HK$265.4 million, equivalent to 27.7% of the Group's revenue). The decrease in the ratio of depreciation and amortisation to the Group's revenue were due to the increase in revenue during the Year and the decrease in depreciation and amortisation.

Property rentals and related expenses

During the Year, the Group negotiated lease adjustments with landlords closely and obtained rental concession of approximately HK$25.7 million (2021: approximately HK$22.3 million) which was fully recognised in the consolidated profit or loss in accordance with the Amendment to Hong Kong Financial Reporting Standard 16, COVID-19-Related Rent Concessions beyond 30 June 2021. On the other hand, the Group opened new restaurants in Mainland China. As a combined effect, the property rental and related expenses increased by 11.9% from approximately HK$21.9 million for the Year 2021 to approximately HK$24.5 million for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses

Other operating expenses decreased by approximately 16.6%, from approximately HK$192.2 million for the Year 2021 to approximately HK$160.3 million for the Year, representing approximately 16.1% (2021: approximately 20.1%) of the Group's revenue for the Year. Given the possible adverse impact of the Pandemic on the performance of the Group's restaurants, the management conducted a review of the Group's right-of-use assets, property, plant and equipment, and intangible assets. Accordingly, impairment losses of right-of-use assets, property, plant and equipment, and intangible assets of approximately HK$14.2 million, HK$12.5 million and HK$7.2 million were recognised respectively during the Year (2021: approximately HK$31.2 million in aggregate). Besides, as some restaurants had ceased operations during the Year, there was a non-recurring write-off of property, plant and equipment of approximately HK$1.1 million (2021: approximately HK$5.8 million). Excluding the above-mentioned impairments and write-off, the other operating expenses for the Year were approximately HK$125.3 million (2021: approximately HK$155.2 million), decreased by approximately 19.3% as compared with the Year 2021, representing approximately 12.6% of the Group's revenue (2021: approximately 16.2%). Such decrease in the ratio of other operating expenses to the Group's revenue was mainly due to an increase in revenue during the Year.

	For the year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Other operating expenses included:		
Tools and consumables	**28,745**	29,144
Logistic and transportation	**16,543**	20,795
Repairs and maintenance	**14,239**	23,257
Staff welfare	**14,642**	12,503
Sanitation	**10,663**	11,958
Foreign exchange differences, net	**2,040**	2,812
Auditor's remuneration	**2,070**	1,680
Write-off of property, plant and equipment	**1,147**	5,773
Impairment of intangible assets	**7,184**	–
Impairment of property, plant and equipment	**12,509**	14,913
Impairment of right-of-use assets	**14,197**	16,302
Other operating related expenses	**36,351**	53,110
	160,330	192,247

Finance costs

Finance costs amounted to approximately HK$19.8 million for the Year, representing a decrease of approximately HK$5.3 million from the Year 2021, which was mainly the interest on lease liabilities of approximately HK$18.9 million.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK$6.7 million for the Year, representing an increase of approximately HK$5.9 million as compared with the Year 2021. The increase was primarily due to the increase in contributions from joint ventures caused by the improvement on the performance of restaurants operated by certain joint ventures during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the year

Under the gradual restoration of market sentiment in Hong Kong and Mainland China, the continuous control on food materials and operating costs by the Group, and the fact that non-cash items such as impairment and depreciation of right-of-use assets were recognised in the Group's results for the Year, the Group recorded loss after tax of approximately HK$124.0 million (2021: approximately HK$126.1 million). Excluding (i) the non-recurring government subsidies and gain on early termination of leases of approximately HK$9.5 million and HK$3.0 million (2021: approximately HK$55.4 million and HK$39.3 million) respectively; and (ii) write-off and impairment losses of approximately HK$35.0 million (2021: approximately HK$37.0 million) in aggregate, the Group incurred loss after tax of approximately HK$101.5 million for the Year (2021: approximately HK$183.8 million).

Liquidity, financial resources and capital structure

The Group financed its business principally with internally generated cash flows and the proceeds received from the initial public offering of the Company's shares in issue for listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 November 2012 (the "**Listing**"). Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

As at 31 March 2022, the Group had cash and cash equivalents amounting to approximately HK$103.3 million, representing a decrease of approximately HK$63.9 million from approximately HK$167.2 million as at 31 March 2021. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars, Renminbi and Singapore dollars.

As at 31 March 2022, the Group's total current assets and current liabilities were approximately HK$411.0 million (2021: approximately HK$307.2 million) and approximately HK$395.4 million (2021: approximately HK$432.7 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.0 time (2021: approximately 0.7 time).

Details of the interest-bearing bank borrowings are set out in note 25 to the consolidated financial statements. The interest-bearing bank borrowings were denominated in Hong Kong dollars.

As at 31 March 2022, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to equity shareholders of the Company and then multiplied by 100%, was approximately 12.8% (2021: approximately 9.3%).

Material acquisitions and disposals

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

Future plans for material investments or capital assets

Save as disclosed elsewhere in this annual report, the Group did not have any plan for material investments or capital assets as at 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign currency risk

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

Contingent liabilities

As at 31 March 2022, the Group had contingent liabilities of approximately HK$5.7 million (2021: approximately HK$5.8 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Charge on assets

Detail of the charge of assets are set out in the note 25 to the consolidated financial statements.

Training and continuing development

During the Year, comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services were provided to relevant employees in order to enhance the quality of services expected from customer-facing staff as well as to ensure the effective implementation of the Group's business ethos. Seminars on Directors' duties and responsibilities under statutory and regulatory requirements as well as an update on the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") was delivered by the legal adviser of the Company to the Directors and the Senior Management in March 2022.

PROSPECTS AND OUTLOOK

Customer satisfaction

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

Corporate social responsibility

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

MANAGEMENT DISCUSSION AND ANALYSIS

Environmental, social and governance ("ESG") performance

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim of creating and delivering sustainable value to all its key stakeholders. The Group has been exploring more efficient opportunities to reduce the consumption of resources in order to reduce its impact on the environment. Further, the Group has conducted a series of surveys by way of questionnaires with certain key stakeholders covering topics from the Group's environmental and social policies to governance issues. The surveys' results will serve as a solid foundation for the Group's upcoming ESG report. For more information regarding the Group's ESG performance for the Year, please refer to the Group's forthcoming ESG report which can be viewed or downloaded from the Company's official website no later than 31 August 2022.

Outlook

Looking forward, the Group plans to implement the following measures so as to diversify its business scope and income source. The Group will actively broaden its platforms and develop its new brands and explore other new business models with a view to maintaining flexible market responses and coping with the change in consumption manner. Besides, the Group will accelerate its expansion in overseas markets and the Guangdong-Hong Kong-Macao Greater Bay Area, and strengthen marketing efforts to expand its customer base. We hope to consolidate the brand presence of the Group and increase its market share in Hong Kong, Macau and Mainland China. The Group will also make good use of its strategic partnership relationship with Jumbo in Singapore, and continue carefully seeking development opportunities in Singapore and other Southeast Asia regions.

Apart from restructuring the restaurants and developing business, the Group will also actively promote takeaway services to further strengthen its food delivery business and will launch marketing promotions to attract more customers so as to mitigating the adverse impact of the social distancing measures. To enhance its efficiency and productivity, the Group is taking decisive measures to protect profit margins by controlling its costs (such as rent and labour costs) as well as reviewing and readjusting its recurrent expenditure.

On 12 May 2020, the Group won the bid for a licence by the Airport Authority to operate a catering concession at the Hong Kong International Airport (the "**Airport**"). The Pandemic has caused a sharp decline in the Airport's passenger flow and the Airport Authority has agreed to extend the rent-free fitting out period. The Group will pay attention to the global development of the Pandemic and flight status, and will continue to discuss with the Airport Authority on the grand opening date of the catering concession.

Despite a challenging external environment, the Group, with its solid cash flow and strong resources reserve, can choose the most advantageous way to improve operations and seize various attractive business opportunities.

APPRECIATION

The Board would like to express its sincere gratitude to the Group's management and all its staff for their continuous support and contribution. What is more, the Board would also like to take this opportunity to thank all the Shareholders and the Group's investors, customers, business partners and associates for their loyal support and longstanding faith in the prospects of the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lee Yuen Hong (李遠康) ("**Mr. Lee**"), aged 67, is the chairman of the Board (the "**Chairman**") and an executive Director. Mr. Lee has been an executive Director and the Chairman since 29 May 2012, the date of incorporation of the Company. Apart from his current directorship in the Company, he also holds directorships in almost all subsidiaries of the Company. He is the founder of the Group and is primarily responsible for the Group's overall corporate strategies, management and business development. Mr. Lee is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Lee founded the Group in 1989 by acquiring the San Po Kong Tsui Wah Restaurant (新蒲崗翠華餐廳). Mr. Lee first joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He served as a cook, the chief cook and the chef in a number of restaurants from 1973 to 1989. Mr. Lee has spent more than 30 years in the Group since 1989 which, together with his previous positions in other restaurants, has allowed him to accumulate not less than 50 years of experience in the restaurant industry, in particular in the Cha Chaan Teng sector. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會), the president of the Hong Kong Federation of Restaurants & Related Trades Limited (香港餐飲聯業協會) and a member of the Mandatory Provident Fund Industry Schemes Committee (強制性公積金行業計劃委員會), the Quality Tourism Services Sub-Committee (優質旅遊服務小組委員會), the Catering and Hospitality Services Safety and Health Committee and the Committee of HKTDC Mainland Business Advisory Committee (香港貿易發展局內地商貿諮詢委員會), respectively. He also serves as the vice-president of the Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and has been appointed as a member of the Committee on Reduction of Salt and Sugar in Food (降低食物中鹽和糖委員會) and a council member of the Shanghai Cuisine Association (上海市烹飪協會). Mr. Lee completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in December 2004. Mr. Lee obtained his master's degree in business administration from the Sun Yat-Sen University (中山大學) in China in November 2010. Mr. Lee is the father of Mr. Kenji Lee, an executive Director and the Group Chief Executive Officer (the "**CEO**"), and Ms. Christy Lee, an executive Director. In addition, he is a director of Cui Fa Limited ("**Cui Fa**"), a controlling shareholder of the Company.

Mr. Lee Kun Lun Kenji (李堃綸) ("**Mr. Kenji Lee**"), aged 37, has been an executive Director since 1 November 2016 and has been the Group CEO since 1 June 2019. Mr. Kenji Lee has been the business development director of the Group since November 2016 and is responsible for leading new business development, project development as well as leasing matters of the Group. He also holds directorships in most of the subsidiaries of the Company. Mr. Kenji Lee joined the Group as the marketing and design officer in January 2007. He assumed the position of head of the project development department of the Group from early 2010 until the first half of 2015 and was responsible for formulating the development direction and store planning of the Group. Since May 2015, Mr. Kenji Lee has become the head of the brand development department of the Group, and has been responsible for the Group's corporate development, leasing cooperation and business diversification.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lee Yi Fang (李易舫) ("**Ms. Christy Lee**"), aged 38, has been an executive Director and the general manager of the supply chain of the Group since 1 June 2019. Ms. Christy Lee has over 11 years of marketing experience in the catering service. She joined the Group in 2007 and served as the corporate planning manager of the Group from 2007 to 2012. Ms. Christy Lee was appointed as the general manager of the central kitchen of the Group in 2016, responsible for the management and operation of the Group's central kitchen.

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

Non-executive Directors

Mr. Cheng Chung Fan (鄭仲勳) ("**Mr. Cheng**"), aged 41, is a non-executive Director. Mr. Cheng has been a non-executive Director since 1 November 2016. Currently, he is the Chief Investment Officer of BlueTop Group Limited. Mr. Cheng has over 17 years of business, investment and capital markets experience. He obtained a bachelor's degree in applied science specialising in electrical engineering from Queen's University, Canada in June 2004 and a master's degree in science specialising in engineering enterprise management from The Hong Kong University of Science and Technology in July 2007. Mr. Cheng was appointed as an independent director of Genesis Unicorn Capital Corp. ("**Genesis**" and stock symbol: GENQU) on 15 February 2022, Genesis is listed on NASDAQ Stock Exchange in the United States of America (the "**US**"). Mr. Cheng was also appointed as a director of Esperanza Limited ("**Esperanza**") on 7 July 2021, Esperanza is a non-profit organisation in Hong Kong.

Mr. Wong Chi Kin (黃志堅) ("**Mr. Wong**"), aged 49, was appointed as an independent non-executive Director (the "**INED**") in November 2012 and was re-designated to a non-executive Director in November 2016. He is also a member of the audit committee of the Company (the "**Audit Committee**"). Mr. Wong has over 25 years of solid accounting, banking and corporate finance experience with reputable commercial banks and leading investment banks (including ING Bank, UBS and Morgan Stanley) as well as various companies in Hong Kong and the UK.

Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and an associate member of Hong Kong Institute of Directors.

Mr Wong was appointed as a non-executive director of Asiaray Media Group Limited, whose shares are listed on the Stock Exchange (Stock Code: 1993), in March 2017 mainly responsible for strategic mergers and acquisitions as well as capital market transactions. Further, Mr. Wong is an independent non-executive director of Forgame Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 484), in May 2020. Also, Mr. Wong was the chief financial officer of Orient Victory Travel Group Company Limited ("**Orient Victory**"), whose shares are listed on the Stock Exchange (Stock Code: 265), during the period from October 2014 to October 2018. Prior to joining Orient Victory, Mr. Wong held various management positions at China Qinfa Group Limited, whose shares are listed on the Stock Exchange (Stock Code: 866), including (i) deputy chief financial officer (from April 2011 to September 2011); (ii) chief financial officer (from September 2011 to October 2014); and (iii) company secretary and authorized representative (from July 2011 to August 2014).

Given Mr. Wong's professional background and his areas of expertise, he was appointed as (i) the chairman of the independent board committee of Shenzhou Space Park Group Limited ("**Shenzhou Space**"), whose shares were listed on the Stock Exchange (Former Stock Code: 692) and delisted in December 2019 under Rule 6.01A of the Listing Rules, and an independent non-executive director, for the period from July 2018 to July 2019. Mr. Wong played curial roles in delivering independent advice on listing resumption proposal and corporate governance issues as well as providing guidance in the investigation of certain transactions throughout his appointment in Shenzhou Space (For details, please refer to the announcement of Shenzhou Space dated 9 December 2019); and (ii) a member of the independent investigation committee of Mayer Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 1116), and an independent non-executive director, for the period from November 2021 to February 2022.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong obtained a Bachelor of Science (Honours) degree in Finance from The City University of Hong Kong in December 1996, a Certificate in Consecutive Interpretation: Putonghua/English from The School of Professional and Continuing Education of The University of Hong Kong in March 2001, a Master's degree in Practicing Accounting from The Monash University, Australia in November 2001, and a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in December 2010 (Dean's list: 2009/2010).

Mr. Yang Dong John (楊東) ("**Mr. Yang**"), aged 47, has been a non-executive Director since 1 April 2019. He currently serves as the chief financial officer and the company secretary of Hailan Holdings Limited (Stock Code: 2278), a company listed on the Stock Exchange. Mr. Yang was the Chief Financial Officer from 22 August 2016 to 31 March 2019, responsible for overseeing the Group's financial reporting functions and specific financial projects. He was the Chief Financial Officer of the Group from 4 June 2012 to 31 December 2015 and assisted in the matters relating to the Listing. From March 2014 to March 2017, Mr. Yang was appointed as the Chief Executive Officer in the PRC for the management and development of the Group's business in the PRC. He served as the company secretary and an authorised representative of the Group 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 20 years of experience in auditing, consolidated accounting, financial management, due diligence investigation, compliance auditing and financial auditing. Prior to joining the Group, he was the chief financial officer and company secretary of Wedding Banquet Specialist (煌府婚宴專門店). He has spent over ten years in KPMG's Hong Kong and Beijing offices and has been engaged in numerous auditing projects involving listed companies on the Stock Exchange. Mr. Yang graduated from the City University of Hong Kong in November 1999 with a bachelor's degree in business administration (accountancy) and obtained his master's degree in business administration from The Chinese University of Hong Kong in November 2015.

Independent Non-executive Directors

Mr. Goh Choo Hwee (吳慈飛) ("**Mr. Goh**"), aged 50, has been an INED since 5 November 2012. Mr. Goh is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Goh is a member of the Law Society of Hong Kong and has been a practicing solicitor since 1997 and is currently a consultant of Ma Tang & Co., a law firm in Hong Kong. He has over 21 years of experience in PRC-related corporate and securities practices. Mr. Goh was appointed as an independent non-executive director of Huajin International Holdings Limited whose shares are listed on the Stock Exchange (Stock Code: 2738), on 23 March 2016. Mr. Goh graduated from The Chinese University of Hong Kong in December 1993 with a bachelor's degree in arts. He subsequently obtained a Postgraduate Certificate in Laws from the University of Hong Kong in June 1995.

Mr. Tang Man Tsz (鄧文慈) ("**Mr. Tang**"), aged 51, has been an INED since 1 November 2016. He is also a member of each of the Remuneration Committee and the Nomination Committee. Mr. Tang has accumulated over 20 years of experience in international investment and corporate banking services. He worked for a number of renowned international banking corporations, including Merrill Lynch, UBS, Royal Bank of Scotland and BNP Paribas, in which he was involved in the provision of bond financing and equity financing services. Mr. Tang received a bachelor's degree in economics from The Chinese University of Hong Kong in 1994.

Mr. Tang served as an independent non-executive director of Shenzhou Space from 9 July 2018 to 22 March 2019.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yim Kwok Man (嚴國文) ("**Mr. Yim**"), aged 53, has been an INED since 5 November 2012. He is the chairman of the Audit Committee. Mr. Yim has over 20 years of experience in the areas of corporate finance, debt and equity capital markets, asset management as well as mergers and acquisitions in Asia, in particular in Hong Kong and the PRC. He is a fellow member of the Association of Chartered Certified Accountants in the UK and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yim is a registered representative of type 4 regulated activity (advising on securities), type 5 regulated activity (advising on futures contracts) and type 9 regulated activity (asset management) with 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 bank since 1994, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited as well as CITIC Capital Markets Holdings Limited. Mr. Yim served as a non-executive director of Eternite International Company Limited (currently known as Larry Jewelry International Company Limited), the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8351), from December 2010 to August 2011. Mr. Yim has also served as a non-executive director of Star Properties Group (Cayman Islands) Limited (Stock Code: 1560) since 4 March 2016. Mr. Yim was appointed as an independent non-executive director of Apex Ace Holdings Limited (Stock Code: 6036) on 15 February 2018. The issued shares of the two last-mentioned companies are listed on Main Board of the Stock Exchange. Mr. Yim graduated with a bachelor's degree in civil engineering from the Hong Kong Polytechnic (presently known as the Hong Kong Polytechnic University) in November 1991. He completed a master of business administration exchange program at the John E. Anderson Graduate School of Management, University of California, the US in 1993 and obtained a master's degree in business administration from The Chinese University of Hong Kong in December 1994.

Senior Management

Mr. Pang Kwing Ho Peter (彭炯豪) ("**Mr. Pang**"), aged 63, has been the managing director of Supreme Catering, a business unit of the Company, since its establishment. Mr. Pang served as the CEO of the Company from 1 June 2016 to 31 May 2019.

Mr. Pang has accumulated over 31 years of experience in the food and beverage industry. Over the last 15 years, he has been involved in the strategic development and management of private companies engaged in the restaurant business. Mr. Pang started his career at Sapporo Beer and subsequently joined Remy Martin Group. He was appointed as the regional sales director of the South China Region of the China division of Remy Martin in 1990. In 1999, Mr. Pang established Chit-Chat in SoHo East, Hong Kong. Throughout the years from 1999 to 2012, Mr. Pang operated a chain of restaurants in Hong Kong and was nicknamed by the media as "The Father of SoHo East" in 2002.

Mr. Tong Kam Hung Kenny (唐錦雄) ("**Mr. Tong**"), aged 49, is the CEO of the Group's business in the PRC. Mr. Tong served as the chief operating officer of the Group from 1 June 2019 to 31 August 2020.

Mr. Tong has accumulated over 21 years of experience in management. Over the past years, he has served as a member of the senior management of a well-known listed company in Hong Kong, which is engaged in the catering business, and was involved in the management and strategic business development in the PRC market. He has established broad business relationships with commercial developers in the PRC. He has obtained a master's degree in business administration from the City University of Macau and a professional manager designation of the Hong Kong Management Association.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company is committed to achieving and maintaining a high standard of corporate governance that properly protects and promotes the interest of its Shareholders and devotes considerable effort to identifying and formalising good corporate governance practices. The Company has adopted and adhered to the principles in the Corporate Governance Code effective from January 2022 as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The corporate governance principles of the Company place strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as a high degree of transparency and accountability, which not only maximise the corporate value for the Shareholders but also protect the long-term sustainability of the Group as a whole.

Throughout the Year and up to the date of this annual report, the Company had complied with all the applicable code provisions as in force during the Year under the CG Code.

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

Directors

The Board

The Board, led by the Chairman, 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. Such responsibilities include implementing the decisions of the Board, directing and co-ordinating day-to-day operations, managing the Group in accordance with the strategies and plans as approved by the Board, formulating and monitoring the operation and production plans and budgets, as well as supervising and monitoring the control systems. In addition, the Board has established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

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

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

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meeting

During the Year, the Board held 7 meetings. The attendance record of each Director in respect of the Board meetings for the Year as well as the annual general meeting of the Company (the "**AGM**") for the Year (the "**2021 AGM**") is set out below:

Name of Director	Number of Board meeting(s) attended/ eligible to attend	2021 AGM attended/ eligible to attend
Executive Directors:		
Mr. Lee *(Chairman)*	7/7	1/1
Mr. Kenji Lee *(Group CEO)*	7/7	1/1
Ms. Christy Lee	7/7	1/1
*Non-executive Directors (the "**NEDs**"):*		
Mr. Cheng	7/7	1/1
Mr. Wong	7/7	0/1
Mr. Yang	7/7	1/1
INEDs:		
Mr. Goh	6/7	1/1
Mr. Tang	7/7	1/1
Mr. Yim	7/7	1/1

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

Chairman and Chief Executive Officer

During the Year, the Chairman was Mr. Lee whilst the CEO of the Company was Mr. Kenji Lee. The Company has complied with code provision C.2.1 of the CG Code, which stipulates that the chairman and the chief executive should be segregated and should not be performed by the same individual. The Chairman provides leadership for the Board, encouraging all Directors to be proactive in their contributions to the Company's affairs and ensures that the Directors act in the best interests of the Company. The CEO represents the management of the Company and is mainly responsible for overseeing the implementation of the Group's strategies, business objectives and management policies.

CORPORATE GOVERNANCE REPORT

Board Composition

As at 31 March 2022, the Board comprised nine Directors, including three executive Directors, three NEDs and three INEDs as below:

	Membership of Board Committee(s)
Executive Directors:	
Mr. Lee *(Chairman)*	Chairman of the Nomination Committee Member of the Remuneration Committee
Mr. Kenji Lee	N/A
Ms. Christy Lee	N/A
NEDs:	
Mr. Cheng	N/A
Mr. Wong	Member of the Audit Committee
Mr. Yang	N/A
INEDs:	
Mr. Goh	Chairman of the Remuneration Committee Member of the Audit Committee Member of the Nomination Committee
Mr. Yim	Chairman of the Audit Committee
Mr. Tang	Member of the Remuneration Committee Member of the Nomination Committee

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. During the Year, the Company had three INEDs and the number of INEDs met the requirements of at least one-third of the Board under Rules 3.10(1) and 3.10A of the Listing Rules. In addition, pursuant to Rule 3.10(2) of the Listing Rules, the Board ensured that at least one of the INEDs possessed appropriate professional qualifications, or accounting or related financial management expertise. Mr. Yim 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 their independence pursuant to Rule 3.13 of the Listing Rules. The Board is not aware of any circumstance which would affect the independence and exercise of impartial judgment from the INEDs. As such, the Board notes that all the INEDs are independent.

The biographies of the Directors are set out on pages 12 to 15 of this annual report. Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, there is no family, financial or business relationship among the Directors.

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

Directors' Liabilities Insurance

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

Appointment, Re-Election and Removal of Directors

In compliance with the Listing Rules, and in accordance with the articles of association of the Company (the "**Articles of Association**"), (i) all NEDs are not required to be appointed for specific terms as from 1 January 2022, (ii) all Directors should be subject to retirement by rotation at least once every three years and are eligible for re-election, and (iii) any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall be subject to re-election at such meeting.

Continuous Professional Development

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

In compliance with code provision C.1.4 of the CG Code, the Company had arranged and funded suitable training for all the Directors to partake in continuous professional development. This was conducted by way of a combination of in-house training, webinars, seminars and other appropriate courses and distribution of relevant reading materials to (i) develop and refresh their knowledge and understanding of the Group and its business; (ii) update their skills and knowledge with respect to the latest development or changes in the relevant commercial, legal and regulatory statutes, the Listing Rules and corporate governance practices; and (iii) enhance their awareness on the responsibilities for a director of a listed corporation. For example, the executive Directors and a majority of the members of the Senior Management attended seminars on the Directors' duties and responsibilities under statutory and regulatory requirements and an update on the amendments to the Listing Rules delivered by the legal adviser of the Company.

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

Name of Director	Type of Trainings
Executive Directors:	
Mr. Lee *(Chairman)*	A and B
Mr. Kenji Lee *(Group CEO)*	A and B
Ms. Christy Lee	A and B
NEDs:	
Mr. Cheng	A and B
Mr. Wong	A and B
Mr. Yang	A and B
INEDs:	
Mr. Goh	A and B
Mr. Tang	A and B
Mr. Yim	A and B

A: attending in-house training/external seminars/briefings/conference/forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

CORPORATE GOVERNANCE REPORT

Directors' securities Transactions

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

Following the specific enquiries made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code for the Year.

Board Committees

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

Nomination Committee

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

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

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

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

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

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

Nomination Policy

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

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

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

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

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

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

(d) Independence (for INEDs);

(e) Reputation for integrity;

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

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

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

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

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

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

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

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

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

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

For the Year, the Nomination Committee held two meetings. Mr. Lee (Chairman) and Mr. Tang attended all meetings while Mr. Goh attended one meeting.

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

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

2. reviewed the independence of the INEDs;

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

4. the suitability of an employee and made a recommendation to the Board on the appointment of the financial controller of the Company.

Remuneration Committee

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

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

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

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

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

2. reviewed the appropriateness of the remuneration policy; and

3. evaluated the performance of all the Directors and the Senior Management.

Audit Committee

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

This annual report has been reviewed by the Audit Committee.

For the Year, the Audit Committee held two meetings. All members, namely Mr. Yim (Chairman), Mr. Goh and Mr. Wong attended the meetings.

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

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

1. reviewed the Company's annual report for the Year 2021 (the "**2021 Annual Report**") and interim report for the six months ended 30 September 2021, consolidated financial statements and the related results announcements, documents and other matters or issues raised by external auditors;

2. reviewed the findings from external auditors;

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

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

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

6. reviewed the changes in accounting policies and practices;

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

8. assessed corporate governance compliance.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

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

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

(2) reviewed and monitored the training and continuous professional development of the Directors and the Senior Management;

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

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

(5) reviewed compliance with the CG Code and made necessary disclosure in the 2021 Annual Report.

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

Whistleblowing system

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

Remuneration of Directors and Senior Management

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

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

Band of remuneration (HK$)	Number of individual(s)
Nil to 1,000,000	1
1,000,001 to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	–
2,500,001 to 3,000,000	1

CORPORATE GOVERNANCE REPORT

Accountability and Audit

All Directors acknowledge their responsibilities in publishing annual and interim reports with a clear and an accurate assessment of the results and operations of the Group, as well as price-sensitive or inside information and relevant disclosures by way of announcements as required under the Listing Rules. The Directors also acknowledge their responsibilities for the preparation of the Group's consolidated financial statements and confirm the true and fair depiction of the Group's state of affairs therein. The Independent Auditor's statement regarding its reporting responsibilities in respect of the consolidated financial statements of the Group is set out in the independent auditor's report on page 44 of this annual report. The Directors, having made the relevant enquiries, confirm that there are no material uncertainties relating to events which may affect the Company's ability to continue as a going concern.

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

	Fees paid/payable HK$'000
Audit services	1,850
Non-audit services	
— Internal control review	220
	2,070

Risk Management and Internal Control

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

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

1st Line of Defense

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

2nd Line of Defense

Senior Management is responsible for monitoring and facilitating the implementation and operations of effective risk management system.

3rd Line of Defense

Internal audit is responsible for providing an independent assessment on the effectiveness of the system.

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

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

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

3. Risk Response — Establish mitigation plan for the risks identified

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

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

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

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

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

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

Inside Information

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

Dissemination of Inside Information

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

The Inside Information Disclosure Policy includes, among other things, that:

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

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

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

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

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

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

Mr. Wong Tin King Richard ("**Mr. Richard Wong**") was appointed as the Company Secretary on 27 January 2021. Mr. Richard Wong graduated from the Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in November 2000 and is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting, corporate governance and compliance issues in listed companies in Hong Kong.

Mr. Richard Wong resigned as the Company Secretary on 1 October, 2021 and Sir Kwok Siu Man KR ("**Sir Seaman Kwok**") was appointed as the Company Secretary on the same date.

Sir Seaman Kwok is the Director of SK2 Corporate Services (HK) Limited ("**SK2**"). A Chartered Secretary, Chartered Governance Professional, professional accountant and certified tax adviser as well as a fellow member of The Hong Kong Institute of Directors, Sir Seaman Kwok holds a bachelor's degree of arts and a post-graduate diploma in laws and has passed the Common Professional (Laws) Examinations of England and Wales. He was conferred as a Knight of Razal of the Philippines in 2019.

He has over 30 years' corporate governance, company secretarial, regulatory compliance, share registration and management experience gained from working with reputable professional corporate services providers, conglomerates in Hong Kong (including Hang Seng Index Constituent and Hang Seng Mid-Cap 50 stock companies) and elsewhere and leading financial printers as directors, company secretaries and other senior executives.

He was a chief examiner as well as the youngest and longest-serving elected council member of The Hong Kong Chartered Governance Institute and was named in the "International WHO'S WHO of Professionals" in 1999.

Sir Seaman Kwok was nominated by SK2 to be the Company Secretary and since 1 October, 2021, SK2 has been providing certain corporate secretarial services to the Company. The primary person at the Company with whom Sir Seaman Kwok contacted in respect of the company secretarial matters for the period from 1 October, 2021 to 31 March, 2022 was Mr. Kenji Lee, an Executive Director and the Group CEO. He delivered and attended over 15 hours' relevant continuing professional development training during the Year pursuant to rule 3.29 of the Listing Rules.

Communication with Shareholders

Effective Communication

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

In respect of each matter to be considered at the AGMs and EGMs, including the re-election of Directors, a separate resolution will be proposed by the chairman of the relevant meeting. Voting at AGMs and EGMs is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on the respective websites of the Stock Exchange and the Company after the conclusion of the AGMs and the EGMs in the manner as required by the Listing Rules. 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.

The Chairman and members of the Board and chairmen of the various Board committees or their duly appointed delegates have attended the 2021 AGM and will attend the forthcoming AGM to be held on 19 August 2022 (the "**2022 AGM**") to answer questions raised by the Shareholders.

Pursuant to code provision F.2.2 of the CG Code, the Company will invite/has invited representatives of the independent auditor of the Company (the "**Independent Auditor**") to attend the 2022 AGM and the chairman of each of the Audit, Remuneration and Nomination Committees to attend the forthcoming 2022 AGM to answer Shareholders' questions regarding the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor's independence.

Shareholders' Rights

1. Procedures for Shareholders to Convene an EGM

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

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

2. Procedures for Making Enquiries

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

Address	:	Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Website	:	www.computershare.com/hk/contact
Tel	:	(852) 2862 8555
Fax	:	(852) 2865 0990

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

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

3. Procedures for Putting Forward Proposals at Shareholders' Meetings

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

Pursuant to article 85 of the Articles of Association, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the principal place of business of the Company in Hong Kong (presently at Rooms 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong), or (b) the Hong Kong branch share registrar and transfer office of the Company in Hong Kong at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The period for lodgement of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

(ii) *Other proposals:*

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

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

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

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

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

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

Dividend Policy

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

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

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

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

Constitutional Documents

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

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

REPORT OF DIRECTORS

The Directors present this report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the Year.

Fair Review of Business

A fair review of the business of the Group together with a discussion and analysis of the Group's performance during the Year, the material factors underlying its financial performance as well as the Group's future business development are set forth in the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this annual report. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the "Five-Year Financial Summary" of this annual report. The information relating to the Group's food quality and safety, customers, suppliers, employees, community involvement and environmental protection will be set out in the "Environmental, Social and Governance Report" which can be viewed or downloaded from the Company's official website no later than 31 August 2022.

Principal Risks and Uncertainties

The catering industry has been experiencing a very hard time since the second half of 2019. People were reluctant to dine out and travelers were deterred to come to Hong Kong, in particular, facing the outbreak of the Pandemic. Along with the ban on public gatherings of more than the specified number of people and restriction on customers at catering businesses, the number of customers visiting our restaurants further declines. The Group's performance has inevitably been affected. It is foreseeable that the coming years will be rather challenging to the whole world until the Pandemic is ended.

Principal Activities

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

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

Compliance with the Relevant Laws and Regulations

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

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

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

Relationship with Suppliers, Customers and Other Stakeholders

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

REPORT OF DIRECTORS

Financial Results

The results of the Group for the Year are set out in the consolidated statements of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 49 and 50 of this annual report, respectively. The financial position of the Group as at 31 March 2022 is set out in the consolidated statement of financial position on pages 51 and 52 of this annual report. Please also refer to the accompanying notes to the consolidated financial statements.

Cash Flow Position

The cash flow position of the Group for the Year is set out and analysed in the consolidated statement of cash flows on pages 54 and 55 of this annual report.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil). The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 16 August 2022 to Friday, 19 August 2022 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend and vote at the forthcoming AGM which will be held on Friday, 19 August 2022. In order to qualify for attending and voting at the forthcoming AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Monday, 15 August 2022. The address of the Hong Kong Branch Share Registrar is Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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 118 of this annual report.

Distributable Reserves

As at 31 March 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 of the Cayman Islands, amounted to HK$457,286,000 (2021: HK$457,530,000). The amount of HK$457,286,000 (2021: HK$457,530,000) includes the Company's share premium, contributed surplus and retained profits, which may be distributable, provided that immediately following the date on which the dividend is proposed to be distributed, if any, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 53 of this annual report.

Property, Plant and Equipment

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

Share Capital

Details of the Company's share capital as at 31 March 2022 are set out in note 27 to the consolidated financial statements.

Share Option Schemes

Share Option Scheme

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

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

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

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

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

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

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

During the Year, no options were granted, exercised or cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at 31 March 2022.

Further details of the Share Option Scheme are set out in note 28 to the consolidated financial statements.

REPORT OF DIRECTORS

Directors

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

Executive Directors:
Mr. Lee *(Chairman)*
Mr. Kenji Lee *(Group CEO)*
Ms. Christy Lee

NEDs:
Mr. Cheng
Mr. Wong
Mr. Yang

INEDs:
Mr. Goh
Mr. Tang
Mr. Yim

Pursuant to article 84(1) of the Articles of Association, one-third of the Directors shall 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 84(2) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation, who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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

Accordingly, Ms. Christy Lee, Mr. Yang and Mr. Tang will retire by rotation and be eligible to offer themselves for re-election (save for Mr. Yang who will retire at the conclusion of the 2022 AGM and will not offer himself for re-election at the 2022 AGM in order to focus on his other business engagements) at the forthcoming AGM to be held on Friday, 19 August 2022.

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

Biographies of Directors and Senior Management

The biographical details of the Directors and the Senior Management are set out on pages 12 to 15 of this annual report.

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

As at 31 March 2022, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the Shares

Name of Directors	Nature of interest	Number of issued Shares held	Approximate percentage of shareholding [3]
Mr. Lee [1]	Interests held jointly with other persons; interest in a controlled corporation	770,092,000 (L)	54.57%
Mr. Kenji Lee	Beneficial interest	136,000 (L)	0.01%
Mr. Yang	Beneficial interest	30,000 (L)	0.002%

(L) denotes long position

Notes:

(1) The 770,092,000 Shares were held by Cui Fa Limited ("**Cui Fa**"). As at 31 March 2022, Cui Fa 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. Mr. Lee was deemed to be interested in all the Shares held by Cui Fa under the SFO.

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

Interest in the Shares *(Continued)*

Notes: *(Continued)*

(2) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2022.

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

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

Save as disclosed above, as at 31 March 2022, none of the Directors, chief executive of the Company or their respective associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors' Right to Acquire Shares or Debentures

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

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

As at 31 March 2022, so far as the Directors or chief executive of the Company are aware, the following corporation and persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares and underlying Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

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

(L) denotes long position

Notes:

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

(2) Pursuant to a deed of confirmation dated 5 November 2012 and entered into amongst them (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 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 and deemed to be held by them in aggregate by virtue of the SFO. However, Mr. Lee is no longer deemed to be interested in the same parcel of Shares in which Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung are interested under the Deed of Confirmation.

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

Notes: (Continued)

(3) Ms. Woo Chun Li is the wife of Mr. Cheung Wai Keung. Under the SFO, Ms. Woo Chun Li is taken to be interested in the same number of Shares in which Mr. Cheung Wai Keung is interested or is deemed to be interested. To be best knowledge of the Company, Mr. Cheung Wai Keung has sold 65,408,000 Shares beneficially owned by a corporation controlled by him.

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

(5) Ms. Lam Hiu Man is the wife of Mr. Cheung Yue Pui. Under the SFO, Ms. Lam Hiu Man is taken to be interested in the same number of Shares in which Mr. Cheung Yue Pui is interested or is deemed to be interested. To be best knowledge of the Company, Mr. Cheung Yue Pui has sold 43,456,000 Shares beneficially owned by a corporation controlled by him.

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

(7) As at 31 March 2022, Cui Fa 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 2022.

Save as disclosed above, as at 31 March 2022, so far as is known to the Directors or chief executive of the Company, there was no other corporation/person other than a Director or chief executive of the Company having an interest or a short position in the Shares and underlying Shares, which would be required to be disclosed to the Company pursuant to Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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

Save as disclosed on pages 39 and 40 of this annual report and note 34 to the consolidated 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 (as defined in the Listing Rules) was a party and in which any Director or controlling Shareholder (as defined in the Listing Rules) (the "**Controlling Shareholders**") had a material interest, whether directly or indirectly, subsisting at the end of the Year or at any time during the Year.

Directors' service Contracts

Each of the executive Directors, namely Mr. Lee, Mr. Kenji Lee and Ms. Christy Lee has entered into a service agreement with the Company for a term of three years. Mr. Lee's service agreement, which commenced on 5 November 2018, had been renewed for a further three-year period commencing on 1 November 2021. As Mr. Lee's service agreement has expired, the same is being renewed by the Company for a further term of three years commencing on 1 November 2021. Mr. Kenji Lee's service agreement commenced on 1 November 2016. He had entered into two new service agreements with the Company for acting as an executive Director and the Group CEO, respectively both for three years commencing on 1 June 2019. As Mr. Kenji Lee's service agreement has expired, the Company is discussing the terms with Mr. Kenji Lee and will enter into a new service agreement in due course. Ms. Christy Lee had entered into a new service agreement with the Company for acting as an executive Director for a term of three years commencing on 1 June 2019. The Company will soon renew the service agreement with Ms. Christy Lee for a further term of three years commencing on 1 June 2022.

Mr. Cheng and Mr. Wong were appointed as NEDs pursuant to their respective letters of appointment for an initial term of three years commencing on 1 November 2016, which had been renewed for a further three-year term commencing on 1 November 2019. Such appointment letters may be terminated in accordance with the terms of their letters of appointment.

Directors' service Contracts *(Continued)*

Mr. Yang was appointed as a NED pursuant to his appointment letter dated 22 March 2019 for an initial term of three years commencing on 1 April 2019. Mr. Yang will retire at the conclusion of the 2022 AGM and will not offer himself for re-election at the 2022 AGM in order to focus on his other business engagements.

Mr. Yim and Mr. Goh were appointed as INEDs pursuant to their respective letters of appointment dated 5 November 2012 for an initial term of three years commencing on the Listing Date, which had been renewed for a further three-year term commencing on 5 November 2018. As their respective letters of appointment have expired, the Company will renew the same as soon as practicable.

Mr. Tang was appointed as an INED pursuant to his letter of appointment dated 1 November 2016 for an initial a term of three years commencing on 1 November 2016, which had been renewed for a further three-year term commencing on 1 November 2019. Such appointment letter may be terminated in accordance with the terms of the letter of appointment.

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

Management Contracts

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

Directors' Remuneration

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

Share Award Scheme

The Company has adopted the Share Award Scheme to recognise and motivate the contribution of the eligible participants, to provide incentives and help the Company in retaining its existing participants and recruiting additional participants and to provide them with a direct economic interest incentives in attaining the long-term business objectives of the Company. The Share Award Scheme was adopted by the Board on 9 August 2018 (the "**Adoption Date**") and shall be valid until the business day immediately prior to the 10th anniversary of the Adoption Date. Since the Adoption Date and up to 31 March 2022, none of the issued Shares purchased has been distributed under the Share Award Scheme.

Purchase, Sale or Redemption of Securities

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

Pre-Emptive Rights

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

Equity-Linked Agreements

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

Permitted Indemnity Provision

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

Major Customers and Suppliers

For the Year, the aggregate sales attributable to the Group's five largest customers were under 30%, and the aggregate purchases attributable to the Group's five largest suppliers were under 30%. None of the Directors, their respective associates (as defined in the Listing Rules) or any Shareholders, which to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, has any interests in the share capital of any of the above five largest customers or suppliers of the Group.

Public Float

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

Deed of Non-Competition

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

Retirement Benefit Schemes

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

Related Party Transactions

Details of the related party transactions were set out in note 34 to the consolidated financial statements. These related party transactions constituted continuing connected transactions or connected transactions exempted from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In the opinion of the Directors (including the INEDs), the related party transactions were carried out in the ordinary and usual course of business and on normal commercial terms negotiated between the Group and the respective related parties, which are fair and reasonable and in the interest of the Company and the Shareholders.

Connected Transactions

The Directors confirm that save as disclosed in the section headed "Related Party Transactions" above, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed in note 34 to the consolidated financial statements, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.

Use of Proceeds from the Listing

The net proceeds from the Listing (the "**Net Proceeds**") were approximately HK$794.4 million (after deducting underwriting fees and related expenses).

The use of the Net Proceeds during the Year and up to 31 March 2022 was approximately as follows:

Use of Net Proceeds	Percentage of Net Proceeds	Net Proceeds (in HK$ million)	Aggregate amount utilised up to 31 March 2021 (in HK$ million)	Amount utilised during the Year (in HK$ million)	Aggregate amount utilised up to 31 March 2022 (in HK$ million)	Amount remaining as at 31 March 2022 (in HK$ million)
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	158.9	–	158.9	–
Opening new restaurants in Mainland China	35%	278.0	278.0	–	278.0	–
Construction of new central kitchen in Hong Kong	10%	79.4	79.4	–	79.4	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	108.3	–	108.3	50.6
Upgrading information technology systems	5%	39.8	33.2	4.6	37.8	2.0
Additional working capital and other general corporate purposes	10%	79.4	79.4	–	79.4	–
Total	100%	794.4	737.2	4.6	741.8	52.6

The unused Net Proceeds were mainly intended to be applied to construction of new central kitchens in Shanghai and Southern China (the "**Unmaterialised Plan**"). However, given the unfavourable factors and adverse impact as a result of the Pandemic, the Board will only assess as to whether to proceed with the Unmaterialised Plan when the Pandemic has subsided for a certain period of time. If it is determined by the Board that it would be in the interest of the Company and the Shareholders to shelve the Unmaterialised Plan and reallocate the unused Net Proceeds, the Company will inform the Shareholders by making a further announcement.

Changes in Directors' information

Save for the Directors' Profile which is set out on pages 12 to 15 of this annual report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Term Loan Facility of HK$30,000,000 and Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 28 August 2020, the Company entered into a facility agreement with a licensed bank in Hong Kong (the "**Bank**" and the "**Facility Agreement**", respectively) whereby the Bank has made available to Tsui Wah Efford Management Limited ("**TWEML**"), a wholly-owned subsidiary of the Company, a term loan facility (the "**Facility**") for 36 months in the principal amount of HK$30 million.

Under the terms of the Facility Agreement, TWEML has also executed a letter of undertaking in favour of the Bank (the "**Letter of Undertaking**"). Pursuant to the Letter of Undertaking, among others, it would be an event of default of the Facility Agreement if Mr. Lee, the Chairman and an executive Director, ceases to be (i) the Chairman; and (ii) a controlling Shareholder holding at least 30% of voting power at general meetings of the Company (the "**Event of Default**").

If an Event of Default has occurred, the Bank may by notice to TWEML declare that (i) the advances under the Facility be cancelled; and/or (ii) all amounts outstanding under the Facility and all interest, fees and commissions shall immediately become due and payable.

As at 31 March 2022, approximately HK$15,920,000 was utilised by the Group under the Facility.

Save as disclosed above, there were no other circumstances which would give rise to a disclosure obligation of the Company under Rule 13.21 of the Listing Rules for the Year.

Audit Committee and Review of Financial Statements

The Audit Committee was established on 5 November 2012 with specific written terms of reference (the "**TORs**") in compliance with Rule 3.22 of the Listing Rules and code provision D.3 of the CG Code. Such written TORs were revised on 31 March 2016 and 1 January 2019 to conform with the requirements under the Listing Rules and the CG Code. It is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any issues regarding the resignation or dismissal of the auditor.

The Audit Committee also monitors the integrity of financial statements, annual reports and accounts, interim reports and quarterly reports (if prepared for publication), and reviews material financial reporting judgments therein, as well as reviews the financing control, internal control and risk management systems. The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the Senior Management and discussed the auditing, internal control and financial reporting matters, including the review of the draft audited consolidated financial statements of the Group for the Year. The consolidated financial statements of the Group for the Year have been audited by the Independent Auditors.

Corporate Governance

The principal corporate governance practices as adopted by the Company are set out in the "Corporate Governance Report" on pages 16 to 30 of this annual report.

Relief of Taxation

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

REPORT OF DIRECTORS

Independent Auditors

On 28 August 2020, Ernst & Young ("**EY**") retired from being the Independent Auditor at the close of the AGM held on 28 August 2020 (the "**2020 AGM**") due to EY not having offered themselves for re-election at the 2020 AGM. There was no disagreement between EY and the Group, and there were no other matters in respect of the retirement of EY that need to be brought to the attention of the Shareholders.

KPMG, the new Independent Auditor, was appointed at the 2020 AGM to fill the vacancy following the retirement of EY.

Save as disclosed above, there had been no change in auditors of the Company in any of the preceding three years.

KPMG will retire at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to be held on Friday, 19 August 2022 to seek Shareholders' approval on the re-appointment of KPMG as the Independent Auditors until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

Event(s) after the Year

On 14 April 2022, the Group as vendor and the Purchaser as purchaser entered into a sale and purchase agreement in respect of the Disposal. The Disposal was approved at the EGM held on 24 June 2022 and completion of the Disposal shall take place on 14 July 2022. For details, please refer to the circular of the Company dated 27 May 2022 and its poll-results announcement dated 24 June 2022.

Save as disclosed above, no material events occurred after the end of the Year and up to the date of this annual report.

By order of the Board
Lee Yuen Hong
Chairman

Hong Kong, 24 June 2022

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 and its subsidiaries ("**the Group**") set out on pages 49 to 116, which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Key audit matter *(Continued)*

Assessing impairment of property, plant and equipment and right-of-use assets

Refer to accounting policies at note 3.1, and notes 13 and 15 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
At 31 March 2022, the net book value of the Group's property, plant and equipment and right-of-use assets, amounted to HK$634,800,000, related to the Group's provision of food catering services. At the end of each reporting period, the items of property, plant and equipment and right-of-use assets are allocated to cash generating units ("**CGUs**"). Where indicators of impairment of a CGU are identified, management performs an impairment assessment of each identifiable CGU by comparing its carrying value with its recoverable amount, which is the higher of fair value less costs of disposal and value in use based on discounted cash flow forecasts. Based on the impairment assessments performed by management, impairment losses of HK$26,706,000 were recognised for the year ended 31 March 2022. We identified the assessment of impairment of property, plant and equipment and right-of-use assets as a key audit matter because of the significance of the carrying value of such assets to the consolidated financial statements and because the preparation of discounted cash flow forecasts for the purpose of impairment assessments involves estimating future revenue, food cost inflation, rental increments, staff cost inflation and the discount rates, which are subject to a significant degree of judgement and could be subject to management bias.	Our audit procedures to assess impairment of property, plant and equipment and right-of-use assets included the following: • understanding and evaluating the design and implementation of key internal controls over the impairment assessment; • evaluating management's identification of CGUs and the allocation of property, plant and equipment and right-of-use assets to each CGU with reference to the requirements of the prevailing accounting standards; • assessing and challenging management's impairment assessment models, which included evaluating the impairment indicators identified by management and with the assistance of our internal valuation specialist, assessing the impairment assessment methodology adopted with reference to the requirements of the prevailing accounting standards; • challenging the key assumptions and estimates adopted by management in the discounted cash flow forecasts by comparing the significant inputs, which included future revenue, food cost inflation, rental increments and staff cost inflation with historical performance, available industry information on market data including projected inflation rates published by external research institutes; • with the assistance of our internal valuation specialists, assessing the discount rates used in the cash flow forecasts by benchmarking against those of other companies in the same industry;

Key audit matter *(Continued)*

Assessing potential impairment of property, plant and equipment and right-of-use assets

Refer to accounting policies at note 3.1, and notes 13 and 15 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
	• comparing the key assumptions included in the discounted cash flows forecasts prepared by management in the prior year with the current year's performance to assess the accuracy of the prior year's forecast, making enquiries of management as to the reasons for any significant variations identified and whether these had been considered in the current year discounted cash flow forecasts and considering if there was any indication of management bias; • obtaining from management a sensitivity analysis of key assumptions in the discounted cash flow forecasts and considering the resulting impact on the impairment charge for the year and whether there were any indicators of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all 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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the directors for the consolidated financial statements

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements *(Continued)*

- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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 Chan Tak Kei.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
REVENUE	*5*	**993,324**	956,382
Other income and other gains	*5*	**39,049**	109,757
Cost of inventories sold		**(282,116)**	(285,362)
Staff costs		**(333,974)**	(311,816)
Depreciation and amortisation		**(246,647)**	(265,465)
Property rentals and related expenses		**(24,464)**	(21,929)
Fuel and utility expenses		**(48,956)**	(44,625)
Selling and distribution expenses		**(40,175)**	(38,165)
Other operating expenses		**(160,330)**	(192,247)
Finance costs	*6*	**(19,831)**	(25,094)
Share of profits of joint ventures	*17*	**6,720**	787
LOSS BEFORE TAX	*7*	**(117,400)**	(117,777)
Income tax expense	*10*	**(6,649)**	(8,317)
LOSS FOR THE YEAR		**(124,049)**	(126,094)
Attributable to:			
Equity shareholders of the Company		**(118,254)**	(124,114)
Non-controlling interests		**(5,795)**	(1,980)
		(124,049)	(126,094)
LOSS PER SHARE	*12*		
Basic and diluted		**HK(8.58) cents**	HK(9.00) cents

The notes on pages 56 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
LOSS FOR THE YEAR	**(124,049)**	(126,094)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Hong Kong	**18,369**	34,053
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(105,680)**	(92,041)
Attributable to:		
Equity shareholders of the Company	**(99,885)**	(90,061)
Non-controlling interests	**(5,795)**	(1,980)
	(105,680)	(92,041)

The notes on pages 56 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**231,908**	304,466
Investment properties	14	**110,329**	112,229
Right-of-use assets	15	**402,892**	698,017
Intangible assets	16	**3,205**	13,596
Investments in joint ventures	17	**35,444**	37,551
Prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets		**814**	9,490
Non-current deposits and other receivables	20	**72,291**	66,813
Deferred tax assets	26	**–**	2,893
Total non-current assets		**856,883**	1,245,055
CURRENT ASSETS			
Inventories	18	**14,010**	18,053
Trade receivables	19	**5,709**	4,983
Prepayments, deposits and other receivables	20	**92,907**	106,374
Tax recoverable		**3,529**	7,566
Pledged time deposits	21	**569**	579
Restricted cash	21	**15,920**	2,430
Cash and cash equivalents	21	**103,261**	167,198
		235,905	307,183
Assets classified as held for sale	22	**175,130**	–
Total current assets		**411,035**	307,183
CURRENT LIABILITIES			
Trade payables	23	**27,311**	38,554
Other payables and accruals	24	**131,917**	155,817
Interest-bearing bank borrowings	25	**61,738**	55,971
Lease liabilities	15	**168,547**	178,468
Tax payable		**5,858**	3,921
Total current liabilities		**395,371**	432,731
NET CURRENT ASSETS/(CURRENT LIABILITIES)		**15,664**	(125,548)
TOTAL ASSETS LESS CURRENT LIABILITIES		**872,547**	1,119,507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Other payables and accruals	24	11,169	11,012
Interest-bearing bank borrowings	25	4,727	1,442
Lease liabilities	15	345,499	484,992
Deferred tax liabilities	26	4,031	5,453
Total non-current liabilities		365,426	502,899
Net assets		507,121	616,608
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Issued capital	27	14,112	14,112
Reserves	29	504,161	602,941
		518,273	617,053
Non-controlling interests		(11,152)	(445)
Total equity		507,121	616,608

Lee Yuen Hong
Director

Lee Kun Lun Kenji
Director

The notes on pages 56 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to equity shareholders of the Company									
	Issued capital HK$'000	**Share premium account** HK$'000	**Shares held for the share award scheme** HK$'000 *(Note 29(iii))*	**Statutory reserve** HK$'000 *(Note 29(ii))*	**Merger reserve** HK$'000 *(Note 29(i))*	**Exchange fluctuation reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2020	14,112	855,973	(27,730)	21,677	(8,434)	(57,662)	(90,822)	707,114	1,535	708,649
Loss for the year	–	–	–	–	–	–	(124,114)	(124,114)	(1,980)	(126,094)
Other comprehensive income for the year:										
Exchange differences on translation of financial statements of operations outside Hong Kong	–	–	–	–	–	34,053	–	34,053	–	34,053
Total comprehensive income for the year	–	–	–	–	–	34,053	(124,114)	(90,061)	(1,980)	(92,041)
Transfer to statutory reserve	–	–	–	817	–	–	(817)	–	–	–
At 31 March 2021	14,112	855,973*	(27,730)*	22,494*	(8,434)*	(23,609)*	(215,753)*	617,053	(445)	616,608
At 1 April 2021	**14,112**	**855,973**	**(27,730)**	**22,494**	**(8,434)**	**(23,609)**	**(215,753)**	**617,053**	**(445)**	**616,608**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(118,254)**	**(118,254)**	**(5,795)**	**(124,049)**
Other comprehensive income for the year:										
Exchange differences on translation of financial statements of operations outside Hong Kong	**–**	**–**	**–**	**–**	**–**	**18,369**	**–**	**18,369**	**–**	**18,369**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**18,369**	**(118,254)**	**(99,885)**	**(5,795)**	**(105,680)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,814)**	**(3,814)**
Capital injection by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**7**
Others	**–**	**–**	**–**	**–**	**1,105**	**–**	**–**	**1,105**	**(1,105)**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**184**	**–**	**–**	**(184)**	**–**	**–**	**–**
At 31 March 2022	**14,112**	**855,973***	**(27,730)***	**22,678***	**(7,329)***	**(5,240)***	**(334,191)***	**518,273**	**(11,152)**	**507,121**

* These reserve accounts comprise the consolidated reserves of HK$504,161,000 (2021: HK$602,941,000) in the consolidated statement of financial position.

The notes on pages 56 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(117,400)**	(117,777)
Adjustments for:			
Bank interest income	*5*	**(560)**	(1,173)
Finance costs	*6*	**19,831**	25,094
Share of profits of joint ventures		**(6,720)**	(787)
Depreciation of property, plant and equipment and right-of-use assets	*7*	**240,415**	258,253
Depreciation of investment properties	*7*	**2,999**	3,357
Amortisation of intangible assets	*7*	**3,233**	3,855
Write-off of property, plant and equipment	*7*	**1,147**	5,773
Impairment of intangible assets	*7*	**7,184**	–
Impairment of property, plant and equipment	*7*	**12,509**	14,913
Impairment of right-of-use assets	*7*	**14,197**	16,302
Gain on disposal of property, plant and equipment	*7*	**(558)**	–
Gain on early termination of leases	*5*	**(3,039)**	(39,308)
Gain on lease modification	*5*	**–**	(1,447)
COVID-19-related rent concessions received	*15(iii)*	**(25,673)**	(22,327)
		147,565	144,728
Changes in working capital:			
Decrease in inventories		**4,043**	144
Increase in trade receivables		**(726)**	(1,852)
Decrease/(increase) in prepayments, deposits and other receivables	*30(a)*	**8,522**	(6,756)
(Decrease)/increase in trade payables		**(11,243)**	8,388
(Decrease)/increase in other payables and accruals	*30(a)*	**(18,525)**	31,987
Cash generated from operations		**129,636**	176,639
Interest received		**560**	1,173
Interest paid		**(884)**	(924)
Hong Kong Profits Tax refunded/(paid)		**1,422**	(592)
PRC tax paid		**(259)**	(4,073)
Net cash flows from operating activities		**130,475**	172,223
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*13, 30(a)*	**(40,886)**	(65,506)
Proceeds from disposal of property, plant and equipment		**558**	1,000
Purchase of intangible assets	*16, 30(a)*	**(26)**	–
Dividends received from joint ventures	*17*	**8,830**	8,827
Decrease in pledged time deposits		**10**	926
Increase in restricted cash		**(13,490)**	(2,430)
Net cash flows used in investing activities		**(45,004)**	(57,183)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loan raised	*30(b)*	**22,122**	3,000
Repayment of bank loans	*30(b)*	**(13,070)**	(4,838)
Principal portion of lease payments	*30(b)*	**(143,391)**	(171,879)
Interest element of lease payments	*30(b)*	**(18,947)**	(24,170)
Capital injection by non-controlling interests		**7**	–
Dividends paid to non-controlling interests		**(3,814)**	–
Net cash flows used in financing activities		**(157,093)**	(197,887)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(71,622)**	(82,847)
Cash and cash equivalents at beginning of year		**167,198**	237,392
Effect of foreign exchange rate changes, net		**7,685**	12,653
CASH AND CASH EQUIVALENTS AT END OF YEAR	*21*	**103,261**	167,198

The notes on pages 56 to 116 form part of these financial statements.

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 address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Company acted as an investment holding company and the Company and its subsidiaries (collectively referred to as the "**Group**") was principally engaged in the provision of food catering services in Hong Kong, the People's Republic of China (the "**PRC**"), Macau and Singapore.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Kang Wang Holdings Limited ("**Kang Wang**") @ 康旺控股有限公司	British Virgin Islands ("**BVI**")/ Hong Kong	HK$1,000,000	100	–	Investment holding
Cui Xin Holdings Limited ("**Cui Xin**") 翠新控股有限公司	BVI/Hong Kong	HK$1,000,000	100	–	Investment holding
Winner Spotlight Limited 佁百有限公司	Hong Kong	HK$10,000	–	100	Investment holding
Lucky Joy International Holdings Limited @ 喜祥國際集團有限公司	Hong Kong	HK$10,000	–	65	Investment holding
Wealthy Strong Corporation Limited @ 康強有限公司	Hong Kong	HK$100	–	65	Investment holding
Famous China Enterprise Limited 采華企業有限公司	Hong Kong	HK$10	–	100	Owner of trademarks
Tsui Wah International Patent Limited 翠華國際品牌有限公司	BVI/Hong Kong	US$8	–	100	Owner of trademarks
Tsui Wah Patent (Hong Kong) Limited 翠華品牌（香港）有限公司	Hong Kong	HK$10,000	–	100	Owner of trademarks
Tsui Wah Efford Management Limited 翠華怡富管理有限公司	Hong Kong	HK$10	–	100	Management services
Green Skytop Limited 天翠有限公司	Hong Kong	HK$10,000	–	75	Catering services
China Sure Limited 確華有限公司	Hong Kong	HK$10	–	100	Restaurant operation

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Ever Million Rich Limited 永萬富有限公司	Hong Kong	HK$10	–	100	Restaurant operation
Green Luck Limited 祥翠有限公司	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
Happy Billions Limited 逸億有限公司	Hong Kong	HK$10	–	100	Restaurant operation
Kenglory Limited 維勤有限公司	Hong Kong	HK$9,000	–	100	Restaurant operation
Key Decision Limited 智心有限公司	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
Marvellous Mark Limited 潤贊有限公司	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
Sky Oasis (HK) Limited 天澤(香港)有限公司	Hong Kong	HK$8	–	100	Restaurant operation
Special Wise Limited 特維有限公司	Hong Kong	HK$10	–	100	Restaurant operation
Summer Rich Limited 夏富有限公司	Hong Kong	HK$10	–	100	Restaurant operation
Time Great Limited 騰嶺有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wholly Win Limited 加賀有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Big Wealthy Corporation Limited @ 鉅康有限公司	Hong Kong	HK$100	–	65	Restaurant operation
Crown Grace Limited @ 優冠有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Crown Luck Enterprise Limited @ 冠福企業有限公司	Hong Kong	HK$100	–	65	Restaurant operation
Fast Grace Corporation Limited @ 快采有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Fast Wealth Corporation Limited @ 通財有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Fine Chain Limited @ 曉順有限公司	Hong Kong	HK$46	–	65	Restaurant operation
Fine Fame Corporation Limited @ 亮榮有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Fortune Sun Corporation Limited @ 福陽有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Great Good Limited @ 善英有限公司	Hong Kong	HK$100	–	65	Restaurant operation
Luck Kingdom Limited @ 幸領有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
More Chain Limited @ 展多有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Nice Standard International Limited @ 優準國際有限公司	Hong Kong	HK$5,400,000	–	65	Restaurant operation

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Success Management Limited @ 管理有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Win Will Corporation Limited @ 圖勝有限公司	Hong Kong	HK$10,000	–	65	Restaurant operation
Wise Express Corporation Limited @ 順惠有限公司	Hong Kong	HK$100	–	65	Restaurant operation
Hong Tai Catering Limited 康提飲食有限公司	Hong Kong	HK$100	–	51	Restaurant operation
Guangzhou Cai Hua Restaurants Management Company Limited*#@ 廣州采華餐飲管理有限公司	PRC	Renminbi ("**RMB**") 50,000,000	–	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
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
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
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

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Cherish Moments Limited	Hong Kong	HK$10,000	–	70	Bakery factory
Dragonsea Limited 游龍有限公司	Hong Kong	HK$10	–	100	Food factory
Shanghai He Fa Restaurants Company Limited*#@ 上海合發餐飲有限公司	PRC	RMB52,000,000	–	100	Food factory
Corporate Winner Limited 洲永有限公司	Hong Kong	HK$10,000	–	100	Property holding
Enrich Sources Limited 彩沃有限公司	Hong Kong	HK$10,000	–	100	Property holding
Guangzhou Cui Yi Enterprise Management Company Limited **#@ 廣州翠逸企業管理有限公司	PRC	RMB36,500,000	–	100	Property holding

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

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

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

@ Not audited by KPMG, Hong Kong or another member firm of the KPMG global network

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). 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.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

2.1 Basis of preparation *(Continued)*

Basis of consolidation *(Continued)*

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

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

2.2 Changes in accounting policies and disclosures

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*
- Amendment to HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("**IBOR reform**").

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions Beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions set out in paragraph 46B of HKFRS 16 *Leases* are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has adopted the 2021 amendment in this financial year. There is no impact on the opening balance of accumulated losses at 1 April 2021.

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 March 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3.1 Summary of significant accounting policies

Investments in joint ventures

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

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

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated statement of profit or loss and 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.

3.1 Summary of significant accounting policies *(Continued)*

Investments in joint ventures *(Continued)*

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.

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

3.1 Summary of significant accounting policies *(Continued)*

Business combinations and goodwill *(Continued)*

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

Fair value measurement

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

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

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

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

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

Impairment of non-financial assets

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

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

3.1 Summary of significant accounting policies *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset 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;
- (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.

3.1 Summary of significant accounting policies *(Continued)*

Property, plant and equipment and depreciation

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

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

Buildings	2% to 3.3%
Leasehold improvements	12.5% to 50%
Furniture and fixtures	20% to 30%
Catering and other equipment	10% to 30%
Motor vehicles	25% to 30%

Where parts of 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.

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

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

Investment properties

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

3.1 Summary of significant accounting policies *(Continued)*

Investment properties *(Continued)*

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

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

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

Non-current assets held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

Intangible assets (other than goodwill)

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

Computer software

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

Trademark

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.1 Summary of significant accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	over the lease terms
Buildings	over the lease terms
Motor vehicles	over the lease terms

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3.1 Summary of significant accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

3.1 Summary of significant accounting policies *(Continued)*

Investments and other financial assets *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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.

3.1 Summary of significant accounting policies *(Continued)*

Derecognition of financial assets *(Continued)*

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

Impairment of financial assets

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

General approach

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3.1 Summary of significant accounting policies *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

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

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

Financial liabilities at amortised cost (loans and borrowings)

Initial recognition and measurement

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

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

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

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.

3.1 Summary of significant accounting policies *(Continued)*

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, including term deposits, which are not restricted as to use.

Provisions

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

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3.1 Summary of significant accounting policies *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, and 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, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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

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

Government grants

Government grants are recognised 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.

Non-monetary government grants are recognised at fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

3.1 Summary of significant accounting policies *(Continued)*

Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

Rental from other sources

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

Other income

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

3.1 Summary of significant accounting policies *(Continued)*

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 28 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.

3.1 Summary of significant accounting policies *(Continued)*

Share-based payments *(Continued)*

Shares held for the Share Award Scheme

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

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

Other employee benefits

Retirement benefit schemes

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

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

Borrowing costs

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

Dividends

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

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

3.1 Summary of significant accounting policies *(Continued)*

Foreign currencies

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

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

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

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

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

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

3.2 Significant accounting judgements and estimates

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

Estimation uncertainty

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

Impairment test of property, plant and equipment and right-of-use assets

In accordance with the Group's accounting policy (note 3.1), management estimates the recoverable amounts of property, plant and equipment and right-of-use assets when an indication of impairment exists. This requires an estimation of the value in use and fair value less costs of disposal of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The carrying amount of property, plant and equipment and right-of-use assets at 31 March 2022 was HK$231,908,000 (2021: HK$304,466,000) and HK$402,892,000 (2021: HK$698,017,000), respectively. Impairment loss of HK$12,509,000 (2021: HK$14,913,000) and HK$14,197,000 (2021: HK$16,302,000), were recognised for certain property, plant and equipment and right-of-use assets, respectively. The impairment loss was estimated based on the recoverable amount of each individual restaurant cash-generating unit and determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease term plus the anticipated renewal period approved by senior management. Further details are contained in notes 13 and 15 to the financial statements.

4. Operating segment information

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

Geographical information

The following tables present revenue from external customers for the year and certain non-current assets' information as at 31 March 2022 by geographical area.

(a) Revenue from external customers

	2022 HK$'000	2021 HK$'000
Hong Kong#	**493,995**	465,984
Mainland China	**491,497**	484,022
Others##	**7,832**	6,376
	993,324	956,382

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

As no revenue derived from sales to a single customer of the Group accounted for 10% or more of the Group's total revenue during the year (2021: Nil), 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 HK$1,007,000 (2021: HK$5,064,000).

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

(b) Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong	**310,310**	638,980
Mainland China	**438,838**	498,818
Others	**35,444**	37,551
	784,592	1,175,349

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

5. Revenue and other income and other gains

An analysis of revenue is as follow:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers (within the scope of HKFRS 15)		
Income from restaurant operations transferred at a point in time	**975,480**	943,924
Sale of food transferred at a point in time	**17,844**	12,458
	993,324	956,382

Performance obligation

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

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

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

	2022 HK$'000	2021 HK$'000
Other income		
Bank interest income	**560**	1,173
Rental income *(note (a))*	**4,686**	4,343
Government grants *(note (b))*	**9,521**	55,390
Compensation income	**1,851**	2,407
Reversal of overprovision for accruals	**11,682**	–
Others	**7,710**	5,689
	36,010	69,002
Other gains		
Gain on early termination of leases	**3,039**	39,308
Gain on lease modification	**–**	1,447
	3,039	40,755
	39,049	109,757

Notes:

(a) Rental income from investment properties less direct outgoings of Nil (2021: Nil) amounting to HK$4,686,000 (2021: HK$4,343,000).

(b) These mainly represented subsidies granted by the Hong Kong Government under the Anti-epidemic Fund and Employment Support Scheme of HK$7,987,000 (2021: HK$55,390,000). There were no unfulfilled conditions or other contingencies attaching to the subsidies and the government grant that had been recognised by the Group.

6. Finance costs

	2022 HK$'000	2021 HK$'000
Interest on bank loans	**884**	924
Interest on lease liabilities *(note 15(iii))*	**18,947**	24,170
	19,831	25,094

7. Loss before tax

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

	Notes	2022 HK$'000	2021 HK$'000
Cost of inventories sold		**282,116**	285,362
Depreciation of property, plant and equipment	13	**58,078**	59,910
Depreciation of right-of-use assets	15(iii)	**182,337**	198,343
Depreciation of investment properties	14	**2,999**	3,357
Amortisation of intangible assets	16	**3,233**	3,855
Write-off of property, plant and equipment	13	**1,147**	5,773
Impairment of intangible assets	16	**7,184**	–
Impairment of property, plant and equipment	13	**12,509**	14,913
Impairment of right-of-use assets	15(iii)	**14,197**	16,302
Foreign exchange differences, net		**2,040**	2,812
Lease payments not included in the measurement of lease liabilities	15(iii)	**11,516**	8,203
Contingent rents under operating leases	15(iii)	**3,648**	3,207
		15,164	11,410
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**296,378**	284,393
Retirement benefit scheme contributions*		**31,338**	21,775
		327,716	306,168
Gain on disposal of property, plant and equipment		**(558)**	–
Gain on early termination of leases	15(iii)	**(3,039)**	(39,308)
Gain on lease modification	15(iii)	**–**	(1,447)
Auditor's remuneration			
— audit services		**1,850**	1,680
— other services		**220**	–
		2,070	1,680

* At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2021: Nil).

8. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to 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:

	2022 HK$'000	2021 HK$'000
Fees	**2,190**	1,620
Other emoluments:		
Salaries, allowances and benefits in kind	**4,014**	3,972
Retirement benefit scheme contributions	**54**	56
	6,258	5,648

(a) Independent non-executive directors

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

	2022 HK$'000	2021 HK$'000
Mr. Yim Kwok Man	**183**	144
Mr. Goh Choo Hwee	**183**	144
Mr. Tang Man Tsz	**183**	144
	549	432

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

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

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2022				
Executive directors:				
Mr. Lee Yuen Hong	–	1,224	–	1,224
Mr. Lee Kun Lun Kenji (Group Chief Executive Officer)	180	1,350	18	1,548
Ms. Lee Yi Fang	180	840	18	1,038
	360	3,414	36	3,810
Non-executive directors:				
Mr. Wong Chi Kin	915	–	–	915
Mr. Cheng Chung Fan	183	–	–	183
Mr. Yang Dong John	183	–	–	183
	1,281	–	–	1,281
Chief executive:				
Mr. Pang Kwing Ho	–	600	18	618
	1,641	4,014	54	5,709

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	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2021				
Executive directors:				
Mr. Lee Yuen Hong	–	1,152	2	1,154
Mr. Lee Kun Lun Kenji (Group Chief Executive Officer)	–	1,440	18	1,458
Ms. Lee Yi Fang	180	780	18	978
	180	3,372	38	3,590
Non-executive directors:				
Mr. Wong Chi Kin	720	–	–	720
Mr. Cheng Chung Fan	144	–	–	144
Mr. Yang Dong John	144	–	–	144
	1,008	–	–	1,008
Chief executive:				
Mr. Pang Kwing Ho	–	600	18	618
	1,188	3,972	56	5,216

9. Five highest paid employees

The five highest paid employees during the year included four directors (2021: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2021: three) highest paid employees for the year who are neither a director nor chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	2,669	4,520
Retirement benefit scheme contributions	46	247
	2,715	4,767

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

	2022	2021
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	2
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	–
HK$2,500,001 to HK$3,000,000	1	1
	1	3

During the current and prior years, no share options were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements.

During the year, no emoluments were paid by the Group to the five highest paid individuals, Directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

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% (2021: 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.

	2022 HK$'000	2021 HK$'000
Current — Hong Kong		
Charge for the year	2,410	731
Underprovision/(overprovision) in prior years	4	(150)
Current — Elsewhere		
Charge for the year	187	1,604
Underprovision in prior years	2,554	2,436
Deferred tax *(note 26)*	1,494	3,696
Total tax charge for the year	6,649	8,317

10. Income tax expense *(Continued)*

A reconciliation of the tax expense applicable to loss 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 2022 HK$'000	Year ended 31 March 2021 HK$'000
Loss before tax	**(117,400)**	(117,777)
Tax at the statutory tax rates	**(22,335)**	(19,711)
Adjustment in respect of current tax of previous periods	**2,558**	2,286
Income not subject to tax	**(3,234)**	(15,560)
Expenses not deductible for tax	**10,752**	12,226
Temporary differences not recognised	**14,632**	5,902
Utilisation of temporary difference not previously recognised	**(9,530)**	(1,992)
Tax losses not recognised	**18,905**	31,820
Utilisation of tax losses	**(3,993)**	(6,524)
Profits attributable to joint ventures	**(1,106)**	(130)
Tax charge at the Group's effective rates	**6,649**	8,317

11. Dividends

No dividends have been paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

12. Loss per share

The calculation of the basic loss per share amount for the year is based on the loss for the year of HK$118,254,000 (2021: HK$124,114,000) attributable to ordinary equity shareholders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2021: 1,411,226,450 ordinary shares) in issue deducting the weighted average number of shares held under the share award scheme of 32,624,000 ordinary shares (2021: 32,624,000 ordinary shares) (see note 29 (iii)).

The Group had no dilutive potential ordinary shares in issue during the current and prior years. Accordingly, diluted loss per share for current and prior years was the same as the basic loss per share.

13. Property, plant and equipment

	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 2022							
At 1 April 2021:							
Cost	189,328	260,785	81,783	149,400	4,222	143	685,661
Accumulated depreciation and impairment	(34,962)	(180,697)	(41,990)	(119,591)	(3,955)	–	(381,195)
Net carrying amount	154,366	80,088	39,793	29,809	267	143	304,466
At 1 April 2021, net of accumulated depreciation and impairment	154,366	80,088	39,793	29,809	267	143	304,466
Additions	5,784	23,657	2,663	18,547	–	104	50,755
Write-off *(note 7)*	–	(672)	(94)	(381)	–	–	(1,147)
Reclassification	(3,732)	–	–	–	–	(124)	(3,856)
Depreciation provided during the year *(note 7)*	(6,251)	(27,974)	(4,001)	(19,740)	(112)	–	(58,078)
Impairment *(note 7)*	–	(6,249)	(1,343)	(4,917)	–	–	(12,509)
Transferred to assets classified as held for sale *(note 22)*	(54,604)	–	–	–	–	–	(54,604)
Exchange realignment	4,167	1,261	1,292	147	8	6	6,881
At 31 March 2022, net of accumulated depreciation and impairment	99,730	70,111	38,310	23,465	163	129	231,908
At 31 March 2022:							
Cost	120,435	234,674	76,843	124,069	3,835	129	559,985
Accumulated depreciation and impairment	(20,705)	(164,563)	(38,533)	(100,604)	(3,672)	–	(328,077)
Net carrying amount	99,730	70,111	38,310	23,465	163	129	231,908

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

	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 2021							
At 1 April 2020:							
Cost	179,083	281,671	79,627	156,072	4,066	1,302	701,821
Accumulated depreciation and impairment	(27,253)	(201,263)	(41,538)	(126,201)	(3,723)	–	(399,978)
Net carrying amount	151,830	80,408	38,089	29,871	343	1,302	301,843
At 1 April 2020, net of accumulated depreciation and impairment	151,830	80,408	38,089	29,871	343	1,302	301,843
Additions	1,221	39,757	4,153	23,990	–	24	69,145
Disposal	–	(832)	(22)	(146)	–	–	(1,000)
Write-off *(note 7)*	–	(3,960)	(281)	(1,532)	–	–	(5,773)
Depreciation provided during the year *(note 7)*	(6,576)	(29,051)	(4,206)	(19,971)	(106)	–	(59,910)
Impairment *(note 7)*	–	(10,852)	(972)	(3,089)	–	–	(14,913)
Transfers	–	915	246	136	–	(1,297)	–
Exchange realignment	7,891	3,703	2,786	550	30	114	15,074
At 31 March 2021, net of accumulated depreciation and impairment	154,366	80,088	39,793	29,809	267	143	304,466
At 31 March 2021:							
Cost	189,328	260,785	81,783	149,400	4,222	143	685,661
Accumulated depreciation and impairment	(34,962)	(180,697)	(41,990)	(119,591)	(3,955)	–	(381,195)
Net carrying amount	154,366	80,088	39,793	29,809	267	143	304,466

The Group's buildings with net carrying amount of HK$357,000 (2021: HK$57,531,000) and HK$99,373,000 (2021: HK$96,835,000) are situated in Hong Kong and Mainland China, respectively. The ownership interests in buildings situated in Hong Kong and Mainland China are typically lasted for an initial period of 99 years and 50 years, respectively.

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

At 31 March 2022, the Group's buildings of HK$Nil (2021: HK$57,160,000), were pledged to secure general banking facilities granted to the Group (note 25).

As at 31 March 2022, the Group's management identified certain cash-generating units, by restaurants, which continued to underperform and estimated the corresponding recoverable amounts. Based on these estimates, an impairment loss of HK$12,509,000 (2021: HK$14,913,000) was recognised under other operating expenses to write down the carrying amounts of respective property, plant and equipment to their recoverable amounts of HK$2,481,000 (2021: HK$5,905,000) as at 31 March 2022. The recoverable amount is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining non-cancellable lease terms plus the anticipated renewal period. The pre-tax discount rate applied for the cash flow projection was 11% (2021: 11%).

14. Investment properties

	Note	HK$'000
31 March 2022		
At 1 April 2021		
Cost		133,713
Accumulated depreciation and impairment		(21,484)
Net carrying amount		112,229
Depreciation provided during the year	*7*	(2,999)
Reclassification		(3,088)
Exchange realignment		4,187
At 31 March 2022, net of accumulated depreciation and impairment		**110,329**
At 31 March 2022		
Cost		**135,144**
Accumulated depreciation and impairment		**(24,815)**
Net carrying amount		**110,329**

14. Investment properties *(Continued)*

	Note	HK$'000
31 March 2021		
At 1 April 2020		
Cost		122,954
Accumulated depreciation and impairment		(16,562)
Net carrying amount		106,392
Depreciation provided during the year	7	(3,357)
Exchange realignment		9,194
At 31 March 2021, net of accumulated depreciation and impairment		112,229
At 31 March 2021		
Cost		133,713
Accumulated depreciation and impairment		(21,484)
Net carrying amount		112,229

Further particulars of the Group's investment properties are included on page 117.

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

The investment properties were stated at cost and the aggregate fair value of the Group's investment properties at 31 March 2022 was HK$162,606,000 (2021: HK$159,284,000) based on a valuation carried out by Flagship Appraisals and Consulting Limited (2021: Roma Group Limited), an independent qualified professional valuer not connected with the Group, using market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and conditions of the properties under review. Each year, the Group appoints an external valuer to conduct valuation on the Group's properties, and the selection criteria include market knowledge, reputation, independence and maintenance of professional standards. The Group has adopted the cost model under HKAS 40 to account for its investment properties, and accordingly, the carrying amounts of the investment properties were not adjusted to the revalued amount at the year end. Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2022 and 2021 are as follows:

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15.

	Fair value measurement as at 31 March 2022 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Industrial property	**–**	**–**	**92,830**	**92,830**
Commercial property	**–**	**–**	**69,776**	**69,776**
	–	**–**	**162,606**	**162,606**

14. Investment properties *(Continued)*

	Fair value measurement as at 31 March 2021 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Industrial property	–	–	90,966	90,966
Commercial property	–	–	68,318	68,318
	–	–	159,284	159,284

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

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

	Valuation technique	Significant unobservable inputs
Commercial property	Market comparison method	Adjusted unit price (per square foot)
Industrial property	Market comparison method	Adjusted unit price (per square foot)

15. Leases

The Group as a lessee

The Group has lease contracts for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods between 28 years and 41 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 3 years and 9 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

15. Leases *(Continued)*

The Group as a lessee *(Continued)*

(i) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments HK$'000	Land and buildings HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 April 2020	21,762	707,499	214	729,475
Additions	–	304,539	–	304,539
Depreciation	(684)	(197,445)	(214)	(198,343)
Impairment	–	(16,302)	–	(16,302)
Disposal	–	(93,303)	–	(93,303)
Lease modification	–	(45,150)	–	(45,150)
Exchange realignment	1,882	15,219	–	17,101
As at 31 March 2021 and 1 April 2021	**22,960**	**675,057**	**–**	**698,017**
Additions	**–**	**32,949**	**–**	**32,949**
Depreciation	**(723)**	**(181,614)**	**–**	**(182,337)**
Impairment	**–**	**(14,197)**	**–**	**(14,197)**
Disposal	**–**	**(24,426)**	**–**	**(24,426)**
Lease modification	**–**	**7,015**	**–**	**7,015**
Transferred to assets classified as held for sale *(note 22)*	**–**	**(120,526)**	**–**	**(120,526)**
Exchange realignment	**863**	**5,534**	**–**	**6,397**
As at 31 March 2022	**23,100**	**379,792**	**–**	**402,892**

At 31 March 2022, the Group's leasehold land (included in land and buildings) and prepaid land lease payments with net carrying amount of HK$577,000 and HK$23,100,000 (2021: HK$126,073,000 and HK$22,960,000) are situated in Hong Kong and Mainland China, respectively. The ownership interests in leasehold land and prepaid land lease payments held are typically lasted for an initial period of 99 years and 50 years, respectively.

In addition, the Group's right-of-use assets of HK$Nil (2021: HK$125,491,000), were pledged to secure general banking facilities granted to the Group (note 25).

As at 31 March 2022, the Group's management identified certain cash-generating units, by restaurants, which continued to underperform and estimated the corresponding recoverable amounts. Based on these estimates, an impairment loss of HK$14,197,000 (2021: HK$16,302,000) was recognised under operating expenses to write down the carrying amounts of respective right-of-use assets to their recoverable amounts of HK$35,353,000 (2021: HK$25,287,000) as at 31 March 2022. The recoverable amount is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining non-cancellable lease terms plus the anticipated renewal period. The pre-tax discount rate applied for the cash flow projection was 11% (2021: 11%).

15. Leases *(Continued)*

The Group as a lessee *(Continued)*

(ii) Leases liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	HK$'000
Carrying amount at 1 April 2020	712,269
New leases	304,539
Accretion of interest recognised during the year *(note 6)*	24,170
Payments	(218,376)
Disposal	(132,611)
Lease modification	(46,597)
Exchange realignment	20,066
Carrying amount at 31 March 2021 and 1 April 2021	**663,460**
New leases	**32,949**
Accretion of interest recognised during the year *(note 6)*	**18,947**
Payments	**(188,011)**
Disposal	**(27,465)**
Lease modification	**7,015**
Exchange realignment	**7,151**
Carrying amount at 31 March 2022	**514,046**

	2022 HK$'000	2021 HK$'000
Analysed into:		
Current portion	**168,547**	178,468
Non-current portion	**345,499**	484,992
	514,046	663,460

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

(iii) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities *(note 6)*	**18,947**	24,170
Depreciation of right-of-use assets *(note 7)*	**182,337**	198,343
Expense relating to short-term leases and leases of low-value assets *(note 7)*	**11,516**	8,203
Variable lease payments not included in the measurement of lease liabilities *(note 7)*	**3,648**	3,207
Impairment of right-of-use assets *(note 7)*	**14,197**	16,302
Gain on early termination of leases *(note 7)*	**(3,039)**	(39,308)
Gain on lease modification *(note 7)*	**–**	(1,447)
COVID-19-related rent concessions received	**(25,673)**	(22,327)
Total amount recognised in profit or loss	**201,933**	187,143

15. Leases *(Continued)*

The Group as a lessee *(Continued)*

During the year, the Group received rent concessions of HK$25,673,000 (2021: HK$22,327,000) in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. As disclosed in note 2.2, the Group has adopted the amendment to HKFRS 16 and applies the practical expedient introduced by the amendment to all eligible rent concessions received by the Group during the year.

The Group leases certain of its warehouses and staff quarters under operating lease arrangements. Leases for these properties are negotiated for terms of one year.

As at 31 March 2022, the Group had total future minimum lease payments under non-cancellable operating leases falling due within one year of HK$2,103,000.

The Group as a lessor

The Group leases its one commercial property and one industrial property in the PRC (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 **HK$'000**	2021 HK$'000
Within one year	**3,989**	3,842
After one year but within two years	**714**	688
	4,703	4,530

16. Intangible assets

	Note	Trademark HK$'000	Computer software HK$'000	Total HK$'000
31 March 2022				
Cost at 1 April 2021, net of accumulated amortisation		**2,596**	**11,000**	**13,596**
Additions		**–**	**26**	**26**
Amortisation provided during the year	*7*	**(410)**	**(2,823)**	**(3,233)**
Impairment	*7*	**–**	**(7,184)**	**(7,184)**
At 31 March 2022		**2,186**	**1,019**	**3,205**
At 31 March 2022:				
Cost		**3,519**	**29,475**	**32,994**
Accumulated amortisation and impairment		**(1,333)**	**(28,456)**	**(29,789)**
Net carrying amount		**2,186**	**1,019**	**3,205**
31 March 2021				
Cost at 1 April 2020, net of accumulated amortisation		3,006	1,830	4,836
Additions		–	12,615	12,615
Amortisation provided during the year	*7*	(410)	(3,445)	(3,855)
At 31 March 2021		2,596	11,000	13,596
At 31 March 2021:				
Cost		3,519	29,449	32,968
Accumulated amortisation and impairment		(923)	(18,449)	(19,372)
Net carrying amount		2,596	11,000	13,596

17. Investments in joint ventures

	2022 HK$'000	2021 HK$'000
Share of net assets	**35,444**	37,551

A loan to a joint venture and the amounts due from joint ventures included in the Group's other receivables (note 20) as at 31 March 2022 totalling HK$14,131,000 (2021: HK$10,539,000) and HK$8,777,000 (2021: HK$4,657,000), respectively, 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 2022 totalling HK$2,285,000 (2021: HK$3,212,000) are disclosed in note 19 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. This investment is a joint venture based on the composition of the board of director in the joint venture agreement.

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.

17. 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:

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	48,493	47,471
Other current assets	6,615	7,380
Total current assets	55,108	54,851
Non-current assets	20,843	35,243
Current liabilities	(10,103)	(9,342)
Non-current liabilities	(15,214)	(27,107)
Net assets	50,634	53,645
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	35,444	37,551
Carrying amount of the investment	35,444	37,551
Revenue	103,799	78,471
Tax (charged)/credited	(1,167)	426
Profit for the year	9,600	3,570
Dividend received	8,830	8,827

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

	2022 HK$'000	2021 HK$'000
Share of loss of the joint ventures for the year	–	(1,712)
Carrying amount of the Group's investments in the joint ventures	–	–

18. Inventories

	2022 HK$'000	2021 HK$'000
Food and beverage, and other operating items	14,010	18,053

19. Trade receivables

	2022 **HK$'000**	2021 HK$'000
Trade receivables	**5,709**	4,983

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 (2021: 60 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

Included in the Group's trade receivables were amounts due from the Group's joint ventures of HK$2,285,000 (2021: HK$3,212,000) as at 31 March 2022, which were repayable on credit terms similar to those offered to the major customers of the Group.

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

	2022 **HK$'000**	2021 HK$'000
Less than one month	**822**	1,169
One to two months	**1,266**	2,076
Two to three months	**360**	489
Over three months	**3,261**	1,249
	5,709	4,983

Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at 31 March 2022 and 2021, the Group assessed that the loss allowance under the application of HKFRS 9 was minimal because the corporate customers have good background, reputation and history of repayment and the payment platforms have high credit rating and no past due history.

20. Prepayments, deposits and other receivables

	2022 HK$'000	2021 HK$'000
Prepayments	**10,333**	14,064
Deposits	**86,524**	91,286
Other receivables	**45,433**	52,641
A loan to a joint venture *(note 17)*	**14,131**	10,539
Amounts due from joint ventures *(note 17)*	**8,777**	4,657
	165,198	173,187
Current portion included in prepayments, deposits and other receivables	**(92,907)**	(106,374)
Non-current portion included in non-current deposits and other receivables	**72,291**	66,813

As at 31 March 2022, other receivables mainly comprised value added tax recoverable of HK$32,807,000 (2021: HK$31,001,000).

Impairment of other receivables

The carrying amount of other receivables approximated to their fair value as at 31 March 2022 and 2021. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 March 2022 and 2021 is considered to be minimal.

21. Cash and cash equivalents, pledged time deposits and restricted cash

	Note	2022 HK$'000	2021 HK$'000
Time deposits		**569**	579
Less: Pledged time deposits	*31*	**(569)**	(579)
Non-pledged time deposits		**–**	–
Cash and bank balances		**103,261**	167,198
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows		**103,261**	167,198
Restricted cash		**15,920**	2,430
Cash and cash equivalents as stated in the consolidated statement of cash flows are represented by			
Cash and cash equivalents denominated in:			
HK$		**34,284**	62,491
RMB		**68,751**	102,739
Singapore dollars		**226**	1,968
		103,261	167,198

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.

As at 31 March 2022, the Group has pledged time deposits of HK$569,000 (2021: HK$579,000) to secure for the Group's bank guarantee facilities in lieu of rental deposits and restricted cash of HK$15,920,000 (2021: HK$2,430,000) to secure for the Group's bank loans (notes 25, 31 and 32).

21. Cash and cash equivalents, pledged time deposits and restricted cash *(Continued)*

All the pledged time deposits and restricted cash 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.

22. Assets classified as held for sale

On 14 April 2022, pursuant to a conditional sale and purchase agreement, the Group agreed to dispose of its properties, namely (i) Units Nos.1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; and (ii) Units Nos.1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (Lot No. 937 IN D.D. 450) (collectively the "**Properties**"). The Properties, with a total gross floor area of approximately 72,341 square feet, were wholly-owned by the Group and used by the Group as workshops and ancillary accommodation for non-domestic use as at 31 March 2022. The Group agreed to disposal of the Properties at a total consideration of approximately HK$264,045,000 and will lease back the Properties from the completion date of sale to 31 March 2023 at a monthly rental of approximately HK$651,000.

On 24 June 2022, the disposal of the Properties (the "**Disposal**") was approved by the shareholders in an extraordinary general meeting of the Company.

As at 31 March 2022, assets classified as held for sale referred to the Properties transferred from buildings and right-of-use assets. These Properties were mortgaged to secure all moneys in respect of general banking facilities granted to the Group (note 25). The Disposal transaction that resulted in the reclassification of assets held for sale as at 31 March 2022 are expected to be completed during the course of 2022.

23. 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:

	2022 HK$'000	2021 HK$'000
Less than one month	**15,614**	27,743
One to two months	**7,276**	9,538
Over two months	**4,421**	1,273
	27,311	38,554

The trade payables are non-interest-bearing and generally have payment terms of 45 days (2021: 45 days).

24. Other payables and accruals

	2022 HK$'000	2021 HK$'000
Other payables	**33,358**	48,049
Amount due to non-controlling shareholders of a subsidiary	**13,974**	15,986
Accruals	**95,754**	102,794
	143,086	166,829
Current portion included in other payables and accruals	**(131,917)**	(155,817)
Non-current portion included in non-current other payables and accruals	**11,169**	11,012

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

The amount due to non-controlling shareholders of a subsidiary was unsecured, interest-free and had no fixed terms of repayment.

25. Interest-bearing bank borrowings

	2022			2021		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Bank loan – secured	**1 month Hong Kong Interbank Offered Rate ("HIBOR") +1.00%**	**On demand**	**50,545**	1 month HIBOR +1.00%	On demand	54,983
Bank loan – secured	**1 month HIBOR +1.7% or bank's cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower**	**36 months since inception**	**1,438**	1 month HIBOR +1.7% or bank's cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower	36 months since inception	2,430
Bank loan – secured	**1 month HIBOR +1.7% or bank's cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower**	**26 months since inception**	**14,482**			–
			66,465			57,413

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Current	**61,738**	55,971
Non-current	**4,727**	1,442
	66,465	57,413

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

As at 31 March 2022, the Group's bank loans were secured by:

(a) the Group's assets classified as held for sale with carrying values of approximately HK$175,130,000 (2021: building and right-of-use assets of HK$57,160,000 and HK$125,491,000 respectively);

(b) unlimited corporate guarantees from the Company and certain of its wholly-owned subsidiaries; and

(c) the Group's restricted cash of HK$15,920,000 (2021: HK$2,430,000).

The Group's bank loan of approximately HK$50,545,000 (2021: HK$54,983,000) as at 31 March 2022 containing an on-demand clause has been classified as current liabilities. Such loan is included within current interest-bearing bank borrowings.

All the Group's banking facilities are subject to the fulfilment of covenants. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 March 2022, none of the covenants relating to drawn down facilities had been breached (2021: None).

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

	2022 HK$'000	2021 HK$'000
Bank loans:		
Within one year	**15,657**	5,423
In the second year	**9,252**	5,494
In the third to fifth years, inclusive	**13,898**	14,195
Beyond five years	**27,658**	32,301
	66,465	57,413

26. Deferred tax

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

Deferred tax assets

	Depreciation in excess of related depreciation allowance HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 April 2020	1,219	2,229	3,448
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year *(note 10)*	609	(1,314)	(705)
Exchange realignment	–	150	150
At 31 March 2021 and 1 April 2021	1,828	1,065	2,893
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	**(1,828)**	**(1,090)**	**(2,918)**
Exchange realignment	**–**	**25**	**25**
At 31 March 2022	**–**	**–**	**–**

Deferred tax liabilities

	Acquisition of subsidiaries HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 April 2020	496	1,912	49	2,457
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year *(note 10)*	(68)	3,059	–	2,991
Exchange realignment	–	–	5	5
At 31 March 2021 and 1 April 2021	428	4,971	54	5,453
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 10)*	**(68)**	**(1,356)**	**–**	**(1,424)**
Exchange realignment	**–**	**–**	**2**	**2**
At 31 March 2022	**360**	**3,615**	**56**	**4,031**

26. Deferred tax *(Continued)*

Certain subsidiaries of the Group had tax losses arising in Hong Kong of HK$734,694,000 (2021: HK$588,128,000) and in the PRC of HK$64,289,000 (2021: HK$70,887,000) as at 31 March 2022, that are available indefinitely and that will expire in five years, respectively, for offsetting against the future taxable profits of those companies in which the losses arose. At the end of the reporting period, the tax impacts of unrecognised tax losses in Hong Kong and the PRC at applicable tax rates at 31 March 2022 were approximately HK$121,225,000 (2021: HK$97,041,000) and HK$16,068,000 (2021: HK$17,722,000), respectively. In addition, the Group has not recognised deferred tax assets of HK$31,839,000 (2021: HK$25,608,000) in respect of temporary differences of HK$177,201,000 (2021: HK$155,202,000) for the year ended 31 March 2022. Deferred tax assets have not been recognised in respect of the tax losses and temporary differences as it is not considered probable that taxable profits will be available against which the tax losses and temporary differences 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 2022, 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 the PRC (2021: Nil). 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 the PRC for which deferred tax liabilities have not been recognised totalled approximately HK$98,491,000 at 31 March 2022 (2021: HK$140,134,000).

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

27. Issued capital

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares** HK$'000
Authorised:		
As at 31 March 2021 and 31 March 2022	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	1,411,226,450	14,112

28. Share option scheme

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

No share options have been granted under the Share Option Scheme since it became effective. Therefore, no share options were exercised or cancelled, or lapsed during the current year and no share options were outstanding under the Share Option Scheme as at 31 March 2022 and 2021.

29. Reserves

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

i. Merger reserve

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

ii. Statutory reserve

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

iii. Shares held for the share award scheme

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

30. Notes to the consolidated statement of cash flows

(a) Major non-cash transactions

During the year, the Group recognised the estimated obligations, included in the Group's property, plant and equipment, of HK$1,726,000 (2021: HK$3,639,000) to dismantle, remove and restore certain property, plant and equipment in respect of the restaurants under operating leases.

During the year, the Group transferred prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets of HK$8,143,000 to property, plant and equipment (2021: HK$12,615,000 transferred to intangible assets).

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$32,949,000 and HK$32,949,000 (2021: HK$304,539,000 and HK$304,539,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities:

	Interest- bearing bank borrowings HK$'000	Lease liabilities HK$'000
At 1 April 2020	59,251	708,233
Effect of adoption of amendments to HKFRS 16	–	4,036
COVID-19-related rent concessions received *(note 15(iii))*	–	(22,327)
Changes from financing cash flows	(1,838)	(196,049)
New leases	–	304,539
Interest expense *(note 6)*	–	24,170
Termination of lease	–	(132,611)
Lease modification	–	(46,597)
Exchange realignment	–	20,066
At 31 March 2021 and 1 April 2021	57,413	663,460
COVID-19-related rent concessions received *(note 15(iii))*	**–**	**(25,673)**
Changes from financing cash flows	**9,052**	**(162,338)**
New leases	**–**	**32,949**
Interest expense *(note 6)*	**–**	**18,947**
Termination of lease	**–**	**(27,465)**
Lease modification	**–**	**7,015**
Exchange realignment	**–**	**7,151**
At 31 March 2022	**66,465**	**514,046**

31. Contingent liabilities

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

	2022 **HK$'000**	2021 HK$'000
Bank guarantees in favour of landlords in lieu of rental deposits (secured)	**569**	579
Bank guarantees in favour of landlords in lieu of rental deposits (unsecured)	**5,105**	5,191
	5,674	5,770

32. Pledge of assets

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 25 to the financial statements. The Group's bank guarantees amounting to HK$569,000 (2021: HK$579,000) in lieu of rental deposits (note 31) are secured by the pledged time deposits of the Group and are included in note 21 to the financial statements.

33. Commitments

The Group had the following capital commitments at the end of the reporting period.

	2022 **HK$'000**	2021 HK$'000
Contracted, but not provided for:		
Leasehold improvements	**7,305**	5,811
Intangible assets	**279**	192
	7,584	6,003

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:

	Notes	2022 HK$'000	2021 HK$'000
Sales of food to joint ventures	(a)	**8,344**	12,458
Rental fees paid and payable to:			
Success Path Limited	(b)	**1,481**	2,434
Champion Stage Limited	(c)	**–**	1,723
Joy Express Limited	(c)	**–**	10,293
Laundry service fee paid and payable to a related party	(d)	**450**	–

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

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

Notes:

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

(b) The related party is controlled by a director of the Company. The rental fee was determined between the parties with reference to market rate.

(c) The related parties are controlled by the current and former directors of the Company. The rental fees were determined between the parties with reference to market rates.

(d) The related party is controlled by a close family member of a director of the Company. The service fee was mutually agreed between the parties, which was approximately the market rate.

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:

	2022 HK$'000	2021 HK$'000
Short term employee benefits	**6,204**	5,592
Post-employment benefits	**54**	56
	6,258	5,648

35. Financial instruments by category

As at 31 March 2022 and 2021, all the financial assets and liabilities of the Group were at amortised cost.

36. Fair value of financial instruments

The carrying amounts 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, restricted cash, trade receivables, trade payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

The fair values of the interest-bearing bank borrowings 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 2022 and 2021 was assessed to be insignificant.

37. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, lease liabilities, 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, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount	
	2022	2021
	HK$'000	HK$'000
Variable rate borrowings:		
Bank loans	**66,465**	57,413

At 31 March 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately HK$665,000 (2021: HK$574,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The analysis is performed on the same basis as 2021.

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, RMB and Singapore dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency excluded.

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	2022		2021	
	RMB HK$'000	**Singapore dollars HK$'000**	RMB HK$'000	Singapore dollars HK$'000
Trade and other receivables	**3**	**14,765**	141	10,449
Cash and cash equivalents	**2,514**	**226**	47	1,968

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK$'000
RMB	**5%**	**(126)**	5%	(9)
	(5%)	**126**	(5%)	9
Singapore dollars	**5%**	**(750)**	5%	(621)
	(5%)	**750**	(5%)	621

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2021.

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 2022			
Trade payables	**27,311**	**–**	**27,311**
Financial liabilities included in other payables and accruals	**123,927**	**–**	**123,927**
Lease liabilities	**185,573**	**361,350**	**546,923**
Interest-bearing bank borrowings	**62,046**	**4,749**	**66,795**
	398,857	**366,099**	**764,956**
31 March 2021			
Trade payables	38,554	–	38,554
Financial liabilities included in other payables and accruals	145,382	–	145,382
Lease liabilities	194,046	510,176	704,222
Interest-bearing bank borrowings	56,607	1,465	58,072
	434,589	511,641	946,230

As at 31 March 2022, the Group has available undrawn banking facilities of HK$86,007,000 (2021: HK$30,341,000) and cash and cash equivalents as at 31 March 2022 to fund the future operations. Furthermore, the proceeds from the sale of the Properties that expected to be received upon the completion during the course of 2022 (see note 22) will also be used to fund the Group's future operations.

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 2022 and 2021.

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

Capital management *(Continued)*

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

	2022 **HK$'000**	2021 HK$'000
Interest-bearing bank borrowings	**66,465**	57,413
Equity attributable to equity shareholders of the Company	**518,273**	617,053
Gearing ratio	**12.8%**	9.3%

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:

	2022 **HK$'000**	2021 HK$'000
NON-CURRENT ASSET		
Investments in subsidiaries	**325,621**	325,621
CURRENT ASSETS		
Prepayments, deposits and other receivables	**5,455**	5,926
Due from subsidiaries	**171,227**	171,238
Cash and bank balances	**208**	195
Total current assets	**176,890**	177,359
CURRENT LIABILITIES		
Other payables and accruals	**3**	–
Due to subsidiaries	**58,840**	59,068
Total current liabilities	**58,843**	59,068
NET CURRENT ASSETS	**118,047**	118,291
Net assets	**443,668**	443,912
EQUITY		
Share capital *(note 27)*	**14,112**	14,112
Reserves *(Note)*	**429,556**	429,800
Total equity	**443,668**	443,912

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	Shares held for share award scheme HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	855,973	1,200,754	(27,730)	(1,598,888)	430,109
Loss and total comprehensive loss for the year	–	–	–	(309)	(309)
At 31 March 2021 and 1 April 2021	855,973	1,200,754	(27,730)	(1,599,197)	429,800
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(244)**	**(244)**
At 31 March 2022	**855,973**	**1,200,754**	**(27,730)**	**(1,599,441)**	**429,556**

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.

39. Non-adjusting events after the reporting period

Save as disclosed in note 22 above, no other material events occurred after the reporting period and up to the date of issue of these financial statements.

40. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 24 June 2022.

PARTICULARS OF INVESTMENT PROPERTIES

31 March 2022

Investment Properties Location	Use	Tenure	Attributable interest of the Group
Rooms 2801, 2802, 2803 and 2805, No. 15 Dapu Road, Huangpu District, Shanghai, China	Office	Long-term lease	100%
Building No. 3, No. 4 (1 and 2/F), 518 Shu Hai Road, Songjiang District, Shanghai, China	Industrial	Long-term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the five years ended 31 March 2018, 2019, 2020, 2021 and 2022 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2018, 2019, 2020, 2021 and 2022 as extracted from the Company's published audited financial statements is set out as follows.

Results

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**993,324**	956,382	1,381,479	1,786,756	1,839,754
(LOSS)/PROFIT BEFORE TAX	**(117,400)**	(117,777)	(300,708)	21,684	106,761
Income tax expense	**(6,649)**	(8,317)	(19,016)	(16,975)	(25,991)
(LOSS)/PROFIT FOR THE YEAR	**(124,049)**	(126,094)	(319,724)	4,709	80,770
(Loss)/profit attributable to:					
Equity shareholders of the Company	**(118,254)**	(124,114)	(317,389)	4,741	80,205
Non-controlling interests	**(5,795)**	(1,980)	(2,335)	(32)	565
	(124,049)	(126,094)	(319,724)	4,709	80,770

Assets, Liabilities and Non-Controlling Interests

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,267,918**	1,552,238	1,637,712	1,433,843	1,566,238
TOTAL LIABILITIES	**(760,797)**	(935,630)	(934,660)	(324,057)	(350,223)
	507,121	616,608	703,052	1,109,786	1,216,015
EQUITY:					
Equity attributable to equity shareholders of the Company	**518,273**	617,053	701,517	1,105,572	1,214,405
Non-controlling interests	**(11,152)**	(445)	1,535	4,214	1,610
	507,121	616,608	703,052	1,109,786	1,216,015

翠華集團®

TSUI WAH GROUP