CAFÉ DE CORAL HOLDINGS LIMITED

大 家 樂 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

Website: www.cafedecoral.com

(Stock Code: 341)

INTERIM RESULTS ANNOUNCEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

HIGHLIGHTS

- **Interim results for the first six months of FY2016/17 of the Group improved with steady growth. Total revenue for the half year increased by 4.3% to HK$3.89 billion and profit attributable to shareholders amounted to HK$232 million, an increase of 11.8% compared to same period last year.**
- **QSR and institutional catering business continued to achieve encouraging results and steer further expansion.**
- **Fast casual and casual dining sector has gained stronger momentum with positive contribution to the Group's long-term growth strategy.**
- **Mainland China business persistently improves its profit margin with lower break-even point, which has laid a solid platform for expansion.**
- **The Group has reached a key milestone in its succession plan implementation and continues to drive stronger team and infrastructure development to support business performance and growth.**
- **Interim dividend of HK18 cents per share (2015: HK18 cents) was declared to shareholders.**

* *For identification purposes only*

OPERATIONAL REVIEW

INTRODUCTION AND HIGHLIGHTS

The Group performed steadily for the first six months of FY2016/17, with a healthy growth in total revenue and profit. The positive results demonstrate not only the capable stewardship of our new management team, but also the successful completion of the Group's succession plan.

Our quick service restaurant (QSR) and institutional catering business recorded a robust and stable performance, marked by encouraging revenue and same-store sales growth. Business in the fast casual and casual dining segment also experienced revenue increases, driven by the growing popularity of our homegrown and franchised brands. In Mainland China, our fast food business also saw its revenue stabilizing, thanks to constant efforts to update our menu offerings to better cater to local consumer tastes.

The Group recorded a turnover of HK$3.89 billion for the first six months of FY2016/17, a 4.3% increase from the corresponding period last year. Our half-year net profit amounted to HK$232 million, an increase of 11.8% compared to the previous year. The Board is pleased to declare the distribution of an interim dividend of HK18 cents per share (2015: HK18 cents) to shareholders, whose names appear on the Register of Members of the Company on 16 December 2016.

Despite the rapidly transforming external environment, the Group has demonstrated its ability to adapt well and delivered stable business improvements as it moved steadfastly forward in the first half of 2016/17. Our cohesive teams, comprehensive infrastructure and efficient processes position us well to seize market opportunities and embark on the next phase of expansion. The Group's robust foundation will enable us to weather many economic storms and drive us towards the goal of long-term sustainable growth.

QSR AND INSTITUTIONAL CATERING

Leveraging on the Group's market leadership position in the sectors concerned and a strong stable of brands, each of them a market leader in its respective segment, the Group's QSR and institutional catering business has garnered continuous success in its performance during the period under review.

Overall, the Group's QSR and institutional catering business in Hong Kong reported solid revenue gains, representing a year-on-year increase of 7.7% in revenue. Same store sales under the **Café de Coral** fast food and **Super Super Congee & Noodles** grew 5% and 4% respectively in the first half of FY2016/17 through a two-pronged strategy of providing value meals targeting the mass market and pursuing innovation in its product offerings. As of 30 September 2016, we operated a total of 288 QSR and institutional catering outlets, including 160 **Café de Coral** fast food outlets, 47 **Super Super Congee & Noodles** shops and 79 **Asia Pacific Catering** outlets.

In spite of the economic slowdown, the Group deemed the first half of 2016/17 an opportune period for strengthening its market presence. To facilitate swift expansion of the **Café de Coral** fast food network, the Group took advantage of the softer leasing market prevailing at the time and took up tenancies at strategic and prime locations. Strong brand equity, customers loyalty and an efficient, supporting infrastructure, also provided **Café de Coral** fast food with the solid foundation needed to continue growing its restaurants chain. In the first half of the year, altogether 4 new **Café de Coral** fast food outlets were added to its network, with 11 more in the pipeline due to open in the coming months. In the same period, 7 more **Super Super Congee & Noodles** shops were added to its restaurants chain, with 8 more scheduled for opening in the months ahead.

Capitalising on their market-leading positions and brand power, our institutional catering brands have performed promisingly. **Asia Pacific Catering** has successfully renewed all its major contracts and **Luncheon Star** continues to be the leading luncheon provider for schools across the city. Looking beyond the keen competition and high, soaring operating costs, we still see vast potential in this catering segment and will strive to capture new opportunities and expand our customer base.

FAST CASUAL AND CASUAL DINING

Over the past few years, the Group has successfully pursued the essential strategy of nurturing its own brands and franchised brands in the fast casual and casual dining sector, in quest of profitability and growth and to further diversify its revenue streams. Our homegrown brands, in particular, have grown in competitiveness, strength and market standing. The Group recorded a 14.4% revenue growth in this segment for the first half of 2016/17, from the same period last year. Evidently, our efforts have started to bear fruit.

Shanghai Lao Lao, our proprietary brand with a catering concept inspired by a distinctive facet of Chinese culinary culture, has performed outstandingly and evolved into a popular chain operating 8 outlets. During the review period, 2 new outlets were opened with 4 more scheduled for opening in the months ahead. Encouraged by the results, the Group will channel its efforts and investments towards scaling up **Mixian Sense** to provide another lucrative revenue stream.

Our household brands, namely **The Spaghetti House** and **Oliver's Super Sandwiches**, have grown over the years to become synonymous with Western-style gastronomic enjoyment. As part of our efforts to keep their outlets trendy, updated and relevant, they are undergoing a brand rejuvenation exercise, with their restaurant decors and menus revamped. Launched last year, our Japanese and Korean-style franchise operations are still in the investment stage and the foundation is being paved for their future growth.

MAINLAND CHINA OPERATIONS

In Mainland China, the Group's business consolidation strategy against a backdrop of intense competition, tepid consumer sentiments and changing consumer habits has achieved satisfactory results. Through the consolidation exercise spearheaded over the past years, we have closed down non-performing outlets in eastern and southern China, while strengthening the performances and operational efficiencies of the profitable ones. In addition, we localised our management team by hiring indigenous professional talents knowledgeable and experienced in domestic market practices. We also revamp our restaurant menus in closer alignment to evolving consumer tastes and market preferences.

Attributed to the enhanced business efficiency and product offerings following our team's persistent efforts, we are delighted to see our profit margin improve persistently with lower break-even point, which has laid a solid platform for us to further grow our business in Mainland China. During the period under review, our same-store sales from fast food business grew by 1.2% and there had been a remarkable profit improvement in our Mainland China business, even after excluding the contribution from the new VAT rules that have become applicable to our business during the period. Despite the aforesaid profit and same-store sales improvement in Mainland China, its segment revenue decreased by 16.3% compared to last year. Such revenue drop was due to the strategic closure of non-performing stores and the impact from relevant accounting treatment that guides revenue recognition relating to VAT under the PRC tax system.

Marching on, though resolved to strengthen its footprints in this huge market, the Group must ensure its same-store sales are adequately strong and their businesses on solid grounds while seeking expansion prudently across southern China, focused on the Guangdong province. Considering our brand appeal supported by a respectable network of around 100 restaurants, we remain cautiously optimistic that our revenue streams and profitability of our business there will continue to improve.

KEY TO SUCCESS

Succession - Under a succession planning programme smoothly executed over the years, a new team of young, vibrant professionals, each with a wealth of senior management experiences, has assumed leadership roles to provide for the Group's sustainable growth and take it to new levels of success. Originally built into the Group's current Five-Year Plan, our leadership succession initiative has now reached a successful conclusion.

Supply chain management - The Group has invested significantly in system upgrades and harnessed advanced technology to improve supply chain productivity and efficiency. Organisational and team restructurings were also undertaken to back this initiative. During the review period, Branch Management System (BMS), a fully integrated supply chain and inventory management system, was rolled out following eighteen months of R&D and system integration efforts. The purpose of this is to automate the raw material procurement process, along with inventory data gathering and storage, to achieve a higher level of supply-chain transparency, efficiency and traceability as well as ensure better food safety and accountability to our customers.

People **-** The Group sees human capital as vital to supporting its operations and goals. Given a severe manpower shortage across the industry, we have drawn up a broad, comprehensive and coherent strategy to attract fresh talents with competitive compensation as well as retain, train and develop our core staff. We have stepped up recruitment through multiple channels to encourage talents, including young people and non-F&B personnel, to join our ranks. In addition to a management trainee programme, the Group also runs a comprehensive career development plan, with a range of policies concerning promotion, training and qualifications recognition under the HKSAR Government's Qualification Framework.

Sustainability is the backbone of the Group's management and policy-formulation process. The four aspects of our sustainability commitment – Total Customer Satisfaction, Focus on People, Community Involvement and Resource Optimisation – are increasingly embedded into our operations. For the second year running, the Group has been included into the Hang Seng Corporate Sustainability Benchmark Index as a constituent member. This recognition affirms the Group's resolve to being a responsible corporate citizen that holds itself accountable to its stakeholders, the community at large and the environment.

OUTLOOK

A challenging period is looming with a multitude of economic undercurrents anticipated. Operating conditions in the food and beverage industry will be made tougher by rising cost pressures, a tight labour situation, intensifying competition and weak market sentiments will continue to prevail.

While the imminent outlook is less than promising, the Group remains confident that its businesses will continue to fare reasonably well. Fortunately, our core QSR and institutional catering segments, in particular, are relatively resilient to downturns. The host of competitive strengths and advantages we have successfully developed – including our synergies, economy-of-scale benefits, centralised procurement practices, food-processing facilities, a digital infrastructure and many others – will ensure a strong foundation for our sustainable expansion at a steady pace.

Looking ahead, the Group will push forward a pipeline of initiatives to strengthen its business footprint. A facet of this strategy is to expand our core QSR business, as we map its growth in expansion mode. In the months ahead and beyond, we will continue to take advantage of the weakening retail rental market and source premier space in strategic locations. In addition, we are also determined to expand our fast casual and casual dining brands, particularly those with a proven performance. We will focus on building up their strengths and appeal, while fostering other new brands, to extend our customer reach and achieve greater market share.

Building on the **Café de Coral** brand equity in China and strong market presence, we will take measures to speed up our store sales and scale up our chain presence. Following our consolidation moves there, the Group has gained a clearer focus of its strengths in this complex market. We will sustain our efforts in expanding our restaurant chains across Guangdong province, with a paramount emphasis on outlet location.

The Board would like to thank our customers and shareholders for their trust, confidence and unswerving support. We are also grateful to our dedicated staff for their passion and hard work. Finally, we look forward to your continual faith and commitment as we work together to propel the Group into a new chapter of phenomenal growth and expansion.

By order of the Board
Lo Tak Shing, Peter
Chief Executive Officer

Hong Kong, 28 November 2016

FINANCIAL REVIEW

The Group's financial position remained healthy. As at 30 September 2016, the Group recorded net cash of approximately HK$867 million, with HK$407 million in available banking facilities. As of 30 September 2016, the Group's current ratio was 1.4 (31 March 2016: 2.1) and the cash ratio was 0.9 (31 March 2016: 1.5). The Group had no external borrowing (31 March 2016: nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2016: nil). There has been no material change in contingent liabilities or charge on assets since 31 March 2016.

As at 30 September 2016, the Company provided guarantees of approximately HK$516 million (31 March 2016: HK$516 million) to financial institutions in connection with banking facilities granted to its subsidiaries.

With regard to foreign exchange fluctuations, the Group earned revenue and incurred costs and expenses mainly denominated in Hong Kong dollars, while those of our Mainland China business were in Renminbi. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Note	Six months ended 30 September 2016	2015
		HK$'000	*HK$'000*
Revenue	3	**3,885,625**	3,725,895
Cost of sales		**(3,367,553)**	(3,268,098)
Gross profit		**518,072**	457,797
Other gains, net	4	**1,512**	5,876
Administrative expenses		**(242,509)**	(217,282)
Operating profit	5	**277,075**	246,391
Finance income	6	**4,338**	8,184
Share of profit of an associate		**-**	22
Profit before income tax		**281,413**	254,597
Income tax expense	7	**(49,454)**	(47,657)
Profit for the period		**231,959**	206,940
Profit/(loss) attributable to:			
Equity holders of the Company		**231,857**	207,404
Non-controlling interest		**102**	(464)
		231,959	206,940
Earnings per share for profit attributable to the equity holders of the Company during the period			
- Basic earnings per share	8	**HK40.13 cents**	HK35.95 cents
- Diluted earnings per share	8	**HK40.08 cents**	HK35.86 cents
		HK$'000	*HK$'000*
Dividend			
– Interim	9	**105,113**	104,952

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Profit for the period	**231,959**	206,940
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences arising from translation of foreign subsidiaries and an associate	**(18,670)**	(15,133)
Fair value gains/(losses) on available-for-sale financial assets	**69,397**	(95,424)
Total comprehensive income for the period	**282,686**	96,383
Total comprehensive income/(loss) for the period attributable to:		
– Equity holders of the Company	**282,584**	96,847
– Non-controlling interests	**102**	(464)
	282,686	96,383

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2016

	Note	**As at 30 September 2016** ***HK$'000*** **(Unaudited)**	As at 31 March 2016 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights		**82,527**	84,598
Property, plant and equipment		**1,733,230**	1,729,269
Investment properties		**477,500**	477,500
Intangible assets		**5,049**	5,500
Deferred income tax assets		**28,967**	29,433
Available-for-sale financial assets		**249,012**	179,615
Non-current prepayments and deposits		**392,421**	275,366
		2,968,706	2,781,281
Current assets			
Inventories		**231,952**	214,551
Trade and other receivables	10	**93,599**	87,259
Prepayments and deposits	10	**142,216**	156,459
Current income tax recoverable		**5,979**	18,994
Bank deposits with maturity over three months		**19,301**	-
Cash and cash equivalents		**866,896**	1,186,643
		1,359,943	1,663,906
Total assets		**4,328,649**	4,445,187
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**58,392**	58,356
Share premium		**584,077**	576,633
Shares held for share award scheme		**(164,683)**	(162,733)
Other reserves		**522,819**	468,403
Retained earnings			
– Proposed dividends		**105,113**	572,002
– Others		**2,157,114**	2,025,616
		3,262,832	3,538,277
Non-controlling interests		**3,822**	3,720
Total equity		**3,266,654**	3,541,997

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)
AS AT 30 SEPTEMBER 2016

	Note	**As at 30 September 2016** ***HK$'000*** **(Unaudited)**	As at 31 March 2016 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**30,636**	28,038
Provision for long service payments		**51,866**	51,955
Retirement benefit liabilities		**22,526**	20,762
		105,028	100,755
Current liabilities			
Trade payables	11	**234,445**	214,468
Other creditors and accrued liabilities		**676,852**	575,433
Current income tax liabilities		**45,670**	12,534
		956,967	802,435
Total liabilities		**1,061,995**	903,190
Total equity and liabilities		**4,328,649**	4,445,187

Notes:

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements.

The following standards and annual improvements projects have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016:

Annual Improvements Project	Annual Improvements 2012-2014 Cycle
HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investments entities: Applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts

These new standards, amendments to standards and annual improvements projects did not have a significant effect on the condensed consolidated interim financial statements.

There are no other new standards, amendments to standards and annual improvements that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

2 SEGMENT INFORMATION

The Group is principally engaged in the operation of quick service restaurants and institutional catering, fast casual and casual dining chains, as well as food processing and distribution business.

The Chief Executive Officer of the Group reviews the Group's internal reporting in order to allocate resources and to assess the business principally from a geographic perspective including Hong Kong and Mainland China. Segment result as presented below represents operating profit before interest, tax, depreciation and amortisation and impairment loss.

Segment information of the Group for the current period and the comparative figures are as follows:

	Hong Kong	**Mainland China**	**Group**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Six months ended 30 September 2016			
Total segment revenue	**3,376,026**	**553,567**	**3,929,593**
Inter-segment revenue *(Note i)*	**(1,416)**	**(42,552)**	**(43,968)**
Revenue (from external revenue) *(Note ii)*	**3,374,610**	**511,015**	**3,885,625**
Segment results *(Note iii)*	**376,831**	**59,665**	**436,496**
Depreciation and amortisation	**(124,718)**	**(26,397)**	**(151,115)**
Impairment loss of property, plant and equipment	**-**	**(8,306)**	**(8,306)**
Finance income	**2,607**	**1,731**	**4,338**
Income tax expense	**(45,243)**	**(4,211)**	**(49,454)**
Six months ended 30 September 2015			
Total segment revenue	3,116,820	667,114	3,783,934
Inter-segment revenue *(Note i)*	(1,386)	(56,653)	(58,039)
Revenue (from external revenue) *(Note ii)*	3,115,434	610,461	3,725,895
Segment results *(Note iii)*	355,078	40,516	395,594
Depreciation and amortisation	(115,545)	(33,658)	(149,203)
Finance income	5,430	2,754	8,184
Share of profit of an associate	22	-	22
Income tax expense	(45,244)	(2,413)	(47,657)

2 SEGMENT INFORMATION (Continued)

(i) Inter-segment transactions were entered into in the normal course of business.

(ii) The Group has a large number of customers. For the periods ended 30 September 2016 and 2015, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

(iii) Reconciliation of total segment results to total profit before income tax is provided as follows:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Segment results	**436,496**	395,594
Depreciation and amortisation	**(151,115)**	(149,203)
Impairment loss of property, plant and equipment	**(8,306)**	-
Operating profit	**277,075**	246,391
Finance income	**4,338**	8,184
Share of profit of an associate	**-**	22
Profit before income tax	**281,413**	254,597

	Hong Kong	**Mainland China**	**Group**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
As at 30 September 2016			
Segment assets	**3,314,822**	**729,869**	**4,044,691**
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred tax assets)	**330,164**	**11,620**	**341,784**

	Hong Kong	**Mainland China**	**Group**
	HK$'000	***HK$'000***	***HK$'000***
	(Audited)	**(Audited)**	**(Audited)**
As at 31 March 2016			
Segment assets	3,478,969	738,176	4,217,145
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred tax assets)	395,897	39,601	435,498

2 SEGMENT INFORMATION (Continued)

As at 30 September 2016, the total non-current assets (other than financial instruments and deferred income tax assets) located in Hong Kong is HK$2,361,365,000 (As at 31 March 2016: HK$2,199,576,000) and in Mainland China is HK$329,362,000 (As at 31 March 2016: HK$372,657,000).

Reconciliation of total segment assets to total assets is provided as follows:

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Total segment assets	**4,044,691**	4,217,145
Deferred income tax assets	**28,967**	29,433
Available-for-sale financial assets	**249,012**	179,615
Current income tax recoverable	**5,979**	18,994
Total assets	**4,328,649**	4,445,187

3 REVENUE

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of food and beverages	**3,850,011**	3,687,106
Rental income	**20,091**	19,330
Management and service fee income	**5,765**	5,562
Sundry income	**9,758**	13,897
	3,885,625	3,725,895

4 OTHER GAINS, NET

	Six months ended 30 September 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	**-**	4
Gain on disposal of an associate	**-**	530
Government subsidy	**1,855**	1,493
Dividend income from listed investments	**12,246**	12,206
Fair value losses on financial assets at fair value through profit or loss	**-**	(318)
Loss on disposal of property, plant and equipment	**(4,283)**	(8,039)
Impairment loss of property, plant and equipment	**(8,306)**	-
	1,512	5,876

5 OPERATING PROFIT

The following items have been charged to the operating profit during the interim period:

	Six months ended 30 September 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Cost of raw materials and consumables used	**1,189,352**	1,164,493
Employee benefit expenses (excluding share-based compensation expenses)	**1,211,097**	1,070,037
Share-based compensation expenses	**19,500**	11,786
Operating lease rentals in respect of rented premises (including contingent rentals of HK$30,838,000 (2015: HK$31,179,000))	**453,302**	430,367
Depreciation of property, plant and equipment	**149,260**	147,555
Amortisation of leasehold land and land use rights	**1,480**	1,503
Amortisation of trademarks and franchise rights	**375**	145

6 FINANCE INCOME

	Six months ended 30 September 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Interest income	**4,338**	8,184

7 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– Hong Kong profits tax	**42,150**	34,064
– Overseas taxation	**4,239**	2,437
Deferred income tax relating to the origination and reversal of temporary differences	**3,065**	11,156
	49,454	47,657

8 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company for Share Award Scheme.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**231,857**	207,404
Weighted average number of ordinary shares in issue *('000)*	**577,779**	576,896
Basic earnings per share *(HK cents per share)*	**HK40.13 cents**	HK35.95 cents

8 EARNINGS PER SHARE (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year (excluding the ordinary shares purchased by the Company under the Share Award Scheme) with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact of share options and shares under the Share Award Scheme.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**231,857**	207,404
Weighted average number of ordinary shares in issue *('000)*	**577,779**	576,896
Adjustment for share options *('000)*	**551**	1,423
Adjustment for Share Award Scheme *('000)*	**209**	-
	578,539	578,319
Diluted earnings per share *(HK cents per share)*	**HK40.08 cents**	HK35.86 cents

9 DIVIDEND

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend declared		
– Interim dividend, HK18 cents (2015: HK18 cents) per ordinary share	105,113	104,952

The interim dividend was declared on 28 November 2016. This condensed consolidated interim financial information does not reflect this dividend payable.

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**38,894**	43,482
Less: provision for impairment of trade receivables	**(388)**	(285)
Trade receivables – net	**38,506**	43,197
Other receivables	**55,093**	44,062
	93,599	87,259
Prepayments and deposits	**142,216**	156,459
	235,815	243,718

The Group's sales to customers are mainly on a cash basis. The Group also grants a credit period between 30 to 90 days to certain customers for the provision of the Group's institutional catering services, sale of merchandise for the Group's food processing and distribution businesses and its franchisees.

The ageing analysis of trade receivables is as follows:

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**23,902**	25,529
31 – 60 days	**11,002**	9,653
61 – 90 days	**1,435**	5,081
Over 90 days	**2,555**	3,219
	38,894	43,482

11 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	30 September 2016 *HK$'000* **(Unaudited)**	31 March 2016 *HK$'000* (Audited)
0 – 30 days	**223,846**	210,191
31 – 60 days	**7,529**	1,788
61 – 90 days	**610**	612
Over 90 days	**2,460**	1,877
	234,445	214,468

12 SUBSEQUENT EVENT

On 17 August 2016, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a property. The consideration of the acquisition was HK$216,680,000. The transaction was completed on 27 October 2016.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK18 cents per share (2015: HK18 cents) in respect of the six months ended 30 September 2016 payable on 28 December 2016 to the shareholders whose names appear on the Register of Members of the Company on 16 December 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend, the Register of Members of the Company will be closed on 16 December 2016 (Friday) on which no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 December 2016 (Thursday).

HUMAN RESOURCES

We recognise that people are our most important asset. It is therefore an absolute priority that we cultivate, grow and retain a competent, committed and professional team of employees who are passionate, involved and driven to success.

As of 30 September 2016, the Group had 18,221 employees. We constantly focus on the Group's competitiveness to attract and retain people. Remuneration packages are generally structured by reference to market terms, individual experience, qualifications, duties and responsibilities. Employees share the benefits of the Group's growth through our share option and share award schemes together with profit-sharing bonus and performance incentive programmes. During the period, the Company granted restricted shares and performance shares under its share award scheme to recognise and reward selected top and middle management executives for their contributions to the business and development of the Group. The Group also provides employees with comprehensive employee benefits, including medical and group life insurance plans, mortgage loan interest subsidy and training sponsorship.

The Group is committed to growing and maintaining a strong and engaged team. We have developed a structured training framework for continuously strengthening job competencies of employees in Hong Kong and Mainland China. Through our talent development and training programme, a total of 138 classes in areas of people management and team leadership were delivered to over 3,386 staffs in Hong Kong and Mainland China. We believe that our talents are motivated and equipped with both managerial knowledge and leadership skills to succeed in the rapid changing catering industry.

CORPORATE GOVERNANCE

The Board and management of the Group aspire to a high standard of corporate governance and constantly strive for a responsible and value-driven management focusing on safeguarding and enhancing interest and value of shareholders as well as the long-term sustainability of the Group.

The corporate governance principles and practices adopted by the Group during the six months ended 30 September 2016 are in line with the corporate governance statements set out in the Corporate Governance Report in the Company's 2016 Annual Report. During the six months ended 30 September 2016, the Company complied with all code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and adopted the recommended best practices of the CG Code insofar as they are relevant and practicable.

REVIEW OF THE RESULTS

The Audit Committee of the Company, which consists of the four independent non-executive Directors of the Company, has reviewed the Group's unaudited interim results for the six months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities, except that the trustee of the Company's Share Award Scheme purchased on the Hong Kong Stock Exchange a total of 700,046 shares of the Company at a total consideration of about HK$17.1 million to satisfy the award of shares to selected employees pursuant to the terms of the rules and trust deed of the Share Award Scheme.

As at the date of this announcement, the Board comprises Mr Lo Hoi Kwong, Sunny (Chairman), Ms Lo Pik Ling, Anita, Mr Chan Yue Kwong, Michael and Mr Hui Tung Wah, Samuel as non-executive directors; Mr Choi Ngai Min, Michael, Mr Li Kwok Sing, Aubrey, Mr Kwok Lam Kwong, Larry and Mr Au Siu Cheung, Albert as independent non-executive directors; and Mr Lo Tak Shing, Peter (Chief Executive Officer) and Mr Lo Ming Shing, Ian as executive directors.