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)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31 MARCH 2019

HIGHLIGHTS

- **The Group's revenue for the year amounted to HK$8,494 million, a 0.8% increase compared to the previous financial year. Profit attributable to shareholders rose 28.9% to HK$590 million.**
- **Our quick service restaurant and institutional catering businesses focused on improving operational efficiency and targets to expand its branch network after consolidation during the year.**
- **Riding on successful development of key brands, the casual dining business recorded a substantial increase in profit contribution to the Group.**
- **Mainland China operations delivered healthy and stable results, and will continue to accelerate its network expansion pace in Southern China.**
- **A final dividend of HK65 cents per share is recommended (FY2017/18: HK63 cents), with a total dividend payout ratio of 83.3% for the year.**

* *For identification purposes only*

CHAIRMAN'S MESSAGE

Last year marked Café de Coral's 50th anniversary. Reaching this milestone has been cause for celebration with our staff and business partners, yet it also represents a new beginning for our business as we look to the next 50 years.

The results achieved during the year under review indicate clear improvement in performance and customer experience, as well as a positive trend in all areas of operations.

Our philosophy towards development is driven by a long-term view, and is inspired by a belief that development cannot be rushed, yet it cannot be slow. While a succession team and sustainable growth take time to nurture, it is important the business maintains forward momentum while adapting to the environment.

A SUCCESSFUL 50th YEAR

In Hong Kong fast food, our ongoing programme focused on internal enhancement and tighter cost control continued to deliver measurable results. At the same time, the casual dining business benefitted from lessons learned to achieve stronger performance.

The China market – and in particular the Greater Bay Area – was a key driver of growth for the Group during the past year. Over the past 50 years, our business has organically grown outward from Hong Kong to include key neighbouring cities and regions, which cover largely the same footprint as the official Greater Bay Area region.

In expanding from our home market, Café de Coral's network in Mainland China has naturally focused on the Greater Bay Area – building on our knowledge of customers, markets, property and supply chain logistics. This has allowed us to grow at a comfortable pace, confident in our ability to maintain our high standards of quality, cleanliness and service throughout our network.

As always, our people are our most important business advantage. To this end, we have been investing in our human capital – nurturing internal talent and making key external hires when necessary to build the quality of our team. With measurable gains achieved, the Group is looking to round off further investment in external talent for the time being, and will refocus on improving management bench strength through internal training and development.

CLEAR VISION FOR THE FUTURE

As Chairman, my role in the business is to provide guidance for the senior management team when necessary, while giving them the space to learn, innovate and execute to the best of their own talents and abilities. At the same time, strong communication and positive interaction between the Board and the management team are important to maximise the effectiveness of the business.

Focusing on the future business environment, technology will continue to be a key differentiator – both in our home market of Hong Kong, as well as throughout the Greater Bay Area. Whether automating mobile ordering, payment or take-out and delivery, e-channels now represent a significant portion of our business, which will only grow as time passes.

Looking to the year ahead, we remain confident in continued positive growth. Building on the *Customer Journey* as our guide to long term improvement, we remain assured in our prospects for steady, sustainable growth – maintaining our market leadership in Hong Kong while supporting the growth of the industry throughout the region.

As a Group, one of Café de Coral's key business strengths has been our intimate understanding of our market and our customers, our human capital and our distinctive corporate culture. We have grown together with Hong Kong for 50 years, and look forward to serving as "Hongkonger's Canteen" for generations to come.

ACKNOWLEDGEMENTS

At this point, I must thank our former Executive Director Ms Lo Pik Ling, Anita for her selfless dedication and countless contributions to the Group. Under her guidance, the quick service restaurant business has maintained a healthy leadership position in the Hong Kong market, while establishing a solid foundation for continued, sustainable growth.

I would also like to thank our Board of Directors, business partners, staff, investors and customers for growing together with our business over the past decades. With all the key ingredients in place for the next 50 years of growth, I remain strongly confident in the Group's prospects for the future.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 14 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

Operating against the backdrop of an increasingly competitive market, the Group delivered solid, positive results during FY2018/19. Improvements in operating efficiency and margins led to strong growth in profit during the year under review, building on a steady foundation of stable revenue. The recent years' investment in internal operations is also delivering tangible results.

With manpower costs firmly under control in our core quick service restaurant (QSR) business, the Group was able to improve both margins and profitability. Focusing on our *Customer Journey*, we rolled out the *Service Champion Campaign* to enhance our customer service, as well as technology upgrades to streamline the customer experience while improving productivity.

The casual dining business successfully groomed its key brands to deliver a meaningful profit contribution to the Group during the year under review. Improvements to business fundamentals have received positive response from customers, in turn driving same store sales growth.

The Group's operations in Mainland China continued to perform. The business is healthy and stable, and is steadily growing in scale – with new store openings more than doubling those of the previous year.

With investments in people now largely complete, combined with ongoing internal improvement efforts, the Group is beginning to reap the benefits of these strategic moves as profit growth accelerates. We remain confident in the Group's business prospects for the foreseeable future.

RESULTS OVERVIEW

Revenue

For the year ended 31 March 2019, the Group increased revenue by 0.8% to HK$8,493.9 million (FY2017/18: HK$8,427.4 million). Revenue by business division is set out below:

	FY2018/19	FY2017/18	**Change**
	HK$'m	*HK$'m*	***%***
Hong Kong			
QSR and Institutional Catering	**6,264.4**	6,301.9	**(0.6)**
Casual Dining	**905.8**	882.0	**2.7**
Others*	**171.8**	167.3	**2.7**
Subtotal	**7,342.0**	7,351.2	**(0.1)**
Mainland China	**1,151.9**	1,076.2	**7.0**
Group	**8,493.9**	8,427.4	**0.8**

** Represents mainly income from food processing and distribution and rental income*

Gross Profit Margin

Gross profit margin increased to 13.4% (FY2017/18: 12.4%), primarily due to a decrease in the cost of raw materials and packing from 28.5% of revenue in the last reporting year to 27.5% in the current year and firm control of manpower expenses.

Other Gains/(Losses), Net

Other gains/(losses), net increased by HK$31.4 million, mainly due to a decrease of impairment loss in property, plant and equipment by HK$29.5 million to HK$3.5 million (FY2017/18: HK$33.0 million).

Administrative Expenses

Administrative expenses decreased 2.4% to HK$447.8 million (FY2017/18: HK$458.8 million), mainly due to decrease of share based compensation expenses by HK$27.4 million as no performance shares awarded had been vested due to the non-attainment of the vesting targets.

Income Tax Expense

Income tax expense increased 6.4% to HK$129.8 million (FY2017/18: HK$121.9 million). If excluding withholding tax on dividend of HK$17.9 million recorded in the last reporting year, the income tax expense would increase 24.7%, which is commensurate with the growth of profit before income tax.

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders increased 28.9% to HK$590.3 million (FY2017/18: HK$458.1 million), primarily due to improvements in operating efficiency and profit margins.

Segment Results

Hong Kong segment results increased 11.7% to HK$884.7 million (FY2017/18: HK$792.2 million), mainly due to improvement of gross profit margin. Mainland China results increased 19.1% to HK$162.0 million (FY2017/18: HK$136.0 million), mainly due to branch network expansion and positive same store sales growth.

Basic Earnings Per Share

The Group's basic earnings per share increased 29.1% to HK$1.02 (FY2017/18: HK$0.79).

Dividend

The Board is pleased to recommend the payment of a final dividend of HK65 cents per share (FY2017/18: HK63 cents), representing a total dividend payout ratio of 83.3% for the year.

BUSINESS ANALYSIS

QSR and Institutional Catering

During the year under review, revenue from the Group's QSR and institutional catering businesses decreased slightly by 0.6% to HK$6,264.4 million (FY2017/18: HK$6,301.9 million). The businesses maintained their leadership positions in Hong Kong's market, and contributed 73.8% of the Group's total revenue for FY2018/19. The Group's QSR and institutional catering business had a total of 298 outlets as at 31 March 2019 (31 March 2018: 298).

Although the Hong Kong market remains very competitive, sentiment is positive and the fast food segment continues to grow. In order to maximise growth opportunities, the Group is maintaining its focus on improving all parts of the *Customer Journey*. With the manpower investment programme in previous years now largely complete, costs are stable and under control – and margins are improving as a result.

Consumers remained price sensitive and continued to be attracted by price cuts and value promotions. **Café de Coral** fast food recorded flat same store sales growth during the year under review. A store rationalisation strategy saw the opening of 1 shop during the year, and 162 shops at year end (31 March 2018: 167). With network consolidation now complete, the Group expects to expand its network. 7 new outlets have been scheduled to open in the months ahead.

Substantial effort has been invested to improve the *Customer Journey* and dining experience, including introduction of a revamped customer service model with emphases on quality, service, cleanliness and ambience. **Café de Coral** fast food has also applied new technology to increase operational efficiency and stay abreast of changing consumer habits. Smart Ordering Kiosks have been introduced at selected outlets, and a new Kitchen Video System has been installed to improve efficiency and reduce waiting time for customers.

As part of our constant efforts to introduce new products to satisfy customers' taste buds, **Café de Coral** fast food has revamped its key hero products with upgraded recipes and menu mixes, such as Teppan dishes with pastry-covered soup, as well as curry and hotpot series. Supported by cross-media advertising campaigns, these promotions have been well received by customers. A new customer loyalty programme was launched in May 2018 and proved to be highly popular with end users, with a significant increase in membership. Club 100 Apps were subsequently launched in the fourth quarter to further attract mobile users with more frequent engagement.

The Group has strengthened **Super Super Congee & Noodles'** brand positioning as Hong Kong's No. 1 leading neighbourhood chain, providing nostalgic traditional and authentic Chinese cuisine (congee, noodles and wok-fried dishes), building on enthusiastic response to the chain's 20^{th} Anniversary promotion launched in August 2018. At the same time, a re-engineered menu focusing on hero products – wonton noodles and congee – as well as popular seasonal items including clay pot rice and hotpot, has helped to drive sales.

The **Super Super Congee & Noodles** brand recorded same store sales growth of 2% during the year. Deliberately pacing growth to focus on operational improvement, the Group ended the financial year with 49 stores (31 March 2018: 50). Meal Delivery Service was implemented at dinner in 28 branches with warm response, and will be rolled out to all branches to further improve customer satisfaction.

Asia Pacific Catering and **Luncheon Star**, the Group's institutional catering brands, retained their market leadership during the year. Faced with keen market competition, **Asia Pacific Catering** reshuffled a number of key contracts – ending the year with 87 operating units (31 March 2018: 81). **Luncheon Star** maintained healthy growth in revenue as Hong Kong's largest student lunch service provider for 14 consecutive years. The business pioneered new technology including the industry's first mobile ordering service, while building production capacity for future expansion.

Casual Dining

The casual dining business presented a substantial increase in profit contribution to the Group, riding on improved market penetration, same store sales growth and customer loyalty. The business achieved revenue of HK$905.8 million during the year under review, an increase of 2.7% compared to the previous year (FY2017/18: HK$882.0 million). Following rationalisation of the brand portfolio and branch network, the division operated 60 shops at the end of the year (31 March 2018: 68).

The Group's Chinese cuisine brands, **Shanghai Lao Lao** and **Mixian Sense**, maintained sizeable networks and shop presence with 12 and 17 shops at year end, respectively (31 March 2018: 14 and 15 shops, respectively). **Shanghai Lao Lao,** our leading home grown brand, was successful in its "must try" promotions and Star Chef collaborations during the year. **Mixian Sense**, now a sizeable chain on its own with 3 more shops opened during year, introduced QR code ordering to improve the customer experience and operational efficiency, and also launched a new VIP programme to encourage customer response.

Non-Chinese cuisine brands continued to rationalise their branch networks to improve performance. **The Spaghetti House** ended the year with 7 shops (31 March 2018: 9), and **Oliver's Super Sandwiches** operated 13 shops at year end (31 March 2018: 15). **The Spaghetti House** continued to build its brand as a preferred family restaurant through Star Chef collaborations and other seasonal promotions. Meanwhile, the branding programme at **Oliver's Super Sandwiches** yielded positive sales growth in signature products across all key categories. Both brands benefitted from menu re-engineering with enhanced ingredients, as well as renewed VIP programmes to drive loyalty and repeat purchases.

The Group continued to fine-tune the business models of its franchised brands, while exploring potential for future scalability.

Mainland China Operations

The Mainland China market represents a major opportunity for the Group's business. Continuing last year's momentum, the Mainland China business delivered strong performance during the year, achieving 7.0% growth in revenue to HK$1,151.9 million (FY2017/18: HK$1,076.2 million), and same store sales growth of 2%.

Building on management's confidence in the market, the Group doubled the number of store openings compared to the previous twelve months. 16 shops were opened during the year under review, ending the financial year with 107 stores (31 March 2018: 97). Further accelerating the pace of growth, there are plans to open an additional 20 shops in FY2019/20. With natural synergies and ties to our home market of Hong Kong, the Group's business has organically evolved around the major markets of the Greater Bay Area. We will continue to focus our efforts to capture the benefits of growing urbanization in the region, especially in the nearby cities of Guangzhou and Shenzhen.

In addition to the stable growth of the dine-in business, the Group has experienced healthy upside coming from rising online-to-offline (O2O) delivery sales. While online delivery sales are providing an exciting new channel for future expansion, our business model remains focused on the dine-in sector.

Uplifting the value of our brand through investment in both hardware and software, we rolled out our new sixth-generation (6G) store design to warm customer response, and also launched a *Customer Service Ambassador* programme to further enhance customer satisfaction. As an early adopter of new technology, the Group has developed a new "virtual store" sales channel featuring online ordering through WeChat, supported by JingDong logistics delivery service.

KEYS TO SUCCESS

Brand Building

We continue to strategically differentiate our brand by enhancing our *Customer Journey*. Through efforts such as our intensive *Service Champion Campaign*, as well as introducing new and engaging store designs, we continue to focus on the customer experience as a key component of our brand.

Moving forward, the Group's multi-brand strategy will be key to capturing additional market share by offering consumers a greater variety of choice. An example is our establishment at JP Plaza in Causeway Bay, where the Group operates a number of outlets offering different types of cuisine – appealing to both landlords and consumers. The Group continues to seize opportunities to roll out along this concept in other locations in Hong Kong.

We have also worked to enhance our brand's reputation and standing in the community. As a responsible corporate citizen, our community efforts have been shaped around three principles - fostering social integration through activities such as our *Community Spring Feast*, nurturing young people through support of events like *Music Station*, and promoting sustainable living via efforts including our single-use plastic reduction campaign.

Now that the Group's 50th Anniversary celebrations have concluded, we are ready to focus on the challenges of the next 50 years. Connecting and engaging with the community, we are leveraging our branch network to build relationships directly with customers through our stores.

People Development

As of 31 March 2019, the Group had a workforce of 19,110 employees (31 March 2018: 18,940).

In support of operations' revamped customer service model during the year, intensive training and competition programmes were conducted across all shops to reinforce the Group's philosophy of customer service excellence. To develop management bench strength for the future, the Group has also launched booster camps for management – giving managers practical training in leadership and people management skills to better implement the "Quality, Service and Cleanliness" guidelines. These concerted efforts from top management to frontline staff have resulted in notable improvement in customer experience and operational efficiency.

Our in-house training programmes continue to draw professional recognition by the Qualification Framework (QF) Scheme of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications, with our *Professional Certificate in Train the Trainer* course receiving QF Level 4 accreditation in September 2018 – the Group's second programme to achieve QF Level 4 accreditation. In Mainland China, the Group is investing in front line staff development, and building core management capability for future growth.

The Group reviews internal equity and market benchmarking on pay level regularly. Remuneration at all staff levels is based on individual experience, qualifications, duties and responsibilities. Qualified employees are entitled to participate in profit sharing bonus and performance incentive programmes as well as share award and share option schemes.

Network Expansion

As of 31 March 2019, the Group had a network of 358 stores in Hong Kong and 107 stores in Mainland China.

In Hong Kong, an improved operation model and stronger profit margins – combined with an enhanced brand mix – is enabling access to better shop locations.

The Group is building its presence in all major regions and cities in Southern China, taking advantage of rapidly increasing urbanization and organic development opportunities as the business grows outward from Hong Kong. In line with these goals, we have committed to an aggressive store opening plan focused on Guangzhou and Shenzhen.

Supply Chain Management

Caring deeply about the food our customers eat, the Group emphasizes supply chain management across all markets and brands.

In Hong Kong, we have invested in systems and technology upgrades throughout operational processes – from procurement, manufacturing, storage and logistics – to enhance supply chain efficiency. In recognition of our efforts, the Group was named the Diamond Enterprise Winner in GS1 Hong Kong's Quality Food Traceability Scheme 2018 (2017: Gold Winner). With a renewed focus on efficiency and traceability, the Group's theme for FY2019/20 is "Building on Quality".

Our operations in Mainland China successfully implemented a new *Branch Management System* developed from the system at the Group's Hong Kong Headquarters to enhance traceability and quality management, laying a solid foundation in supply chain and store management.

Sustainability

Recognising our long-term efforts in sustainability, the Group was included in the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year. We report our sustainability performance in greater detail in the Company's Sustainability Report 2018/19.

FINANCIAL REVIEW

Financial Position

During the year under review, the Group's financial position remained healthy. As of 31 March 2019, the Group recorded net cash of approximately HK$836 million, with HK$782 million in available banking facilities. The Group's current ratio as of the same date was 1.4 (31 March 2018: 1.4), and the cash ratio was 0.9 (31 March 2018: 0.9). The Group had no external borrowing (31 March 2018: nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2018: nil).

The Group's return on equity for FY2018/19 was 17% (FY2017/18: 13%), and return on assets was 13% (FY2017/18: 10%).

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure was HK$290 million (FY2017/18: HK$462 million). As at 31 March 2019, the Group's outstanding capital commitments were HK$580 million (31 March 2018: HK$480 million).

Contingent Liabilities
As of 31 March 2019, the Company provided guarantees of approximately HK$915 million (31 March 2018: HK$415 million) to financial institutions in connection with banking facilities granted to its subsidiaries. The Group had no charge on assets as of 31 March 2019 (31 March 2018: nil).

Financial Risk Management
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 businesses 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.

OUTLOOK

Looking to the year ahead, we anticipate continued health in the Hong Kong market, although the low unemployment rate may prove to be a challenge in hiring. The Mainland China market is expected to remain a driver of growth, albeit at a slower, more measured rate. The Group remains confident in our management team and the execution capabilities of our frontline staff to deliver continued improvement in the year ahead.

Although labour costs may prove to be a challenge with the incremental rise in Hong Kong's minimum wage, the prospects for the Hong Kong QSR business remain positive. The Group will continue to invest in the *Customer Journey* and technology upgrades, while taking advantage of availability of better shop locations to expand the branch network.

The casual dining business is actively seeking opportunities to roll out more outlets under the Group's multi-brand strategy, taking advantage of natural synergies to increase future contributions to profit.

In Mainland China, the Group will capitalise on market opportunities to open new outlets, focusing on Guangzhou and Shenzhen while expanding our portfolio in second and third tier cities.

Having passed the major milestone of our 50th anniversary, the Group is ready to face the challenges of the coming decades with fresh enthusiasm and sharper focus on the fundamentals behind business success.

RESULTS

The board of directors (the "Board") is pleased to announce the audited consolidated results of Café de Coral Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2019, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*6*	**8,493,883**	8,427,399
Cost of sales	*8*	**(7,356,665)**	(7,385,291)
Gross profit		**1,137,218**	1,042,108
Other gains/(losses), net	*7*	**17,687**	(13,706)
Administrative expenses	*8*	**(447,788)**	(458,819)
Operating profit		**707,117**	569,583
Finance income	*9*	**14,803**	11,661
Profit before income tax		**721,920**	581,244
Income tax expense	*10*	**(129,810)**	(121,949)
Profit for the year		**592,110**	459,295
Profit attributable to:			
Equity holders of the Company		**590,285**	458,055
Non-controlling interests		**1,825**	1,240
		592,110	459,295
Dividends	*12*	**491,856**	679,230
Earnings per share for profit attributable to the equity holders of the Company			
Basic	*11(a)*	**HK$1.02**	HK$0.79
Diluted	*11(b)*	**HK$1.01**	HK$0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**592,110**	459,295
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**(46,960)**	66,031
Fair value loss on available-for-sale financial assets	**-**	(81,643)
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus of property, plant and equipment prior to transferring to investment properties	**-**	65,287
Remeasurement of retirement benefit liabilities and provision for long service payments	**(12,393)**	12,990
Fair value gain on financial assets at fair value through other comprehensive income	**6,124**	-
Total comprehensive income for the year	**538,881**	521,960
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**537,056**	520,720
– Non-controlling interests	**1,825**	1,240
	538,881	521,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	**31 March 2019** *HK$'000*	31 March 2018 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**75,231**	79,485
Property, plant and equipment		**1,922,710**	2,020,925
Investment properties		**628,000**	663,300
Intangible assets		**1,852**	4,051
Deferred income tax assets		**12,681**	30,506
Available-for-sale financial assets		**-**	147,978
Financial assets at fair value through other comprehensive income		**154,102**	-
Non-current prepayments and deposits		**307,871**	295,657
		3,102,447	3,241,902
Current assets			
Inventories		**241,325**	234,362
Trade and other receivables	*13*	**165,086**	191,466
Prepayments and deposits	*13*	**126,813**	121,198
Current income tax recoverable		**1,017**	3,383
Bank deposits with maturity over three months		**21,865**	22,778
Cash and cash equivalents		**835,537**	801,240
		1,391,643	1,374,427
Total assets		**4,494,090**	4,616,329
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**58,554**	58,554
Share premium		**616,811**	616,811
Shares held for share award scheme		**(133,020)**	(145,053)
Other reserves		**537,776**	602,542
Retained earnings			
– Proposed dividends		**380,603**	573,832
– Others		**1,954,764**	1,862,995
		3,415,488	3,569,681
Non-controlling interests		**6,262**	3,819
Total equity		**3,421,750**	3,573,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
AS AT 31 MARCH 2019

	Note	31 March 2019 HK$'000	31 March 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**29,479**	33,520
Provision for long service payments		**45,258**	34,990
Retirement benefit liabilities		**13,459**	18,747
		88,196	87,257
Current liabilities			
Trade payables	*14*	**219,710**	207,478
Other creditors and accrued liabilities		**725,134**	706,965
Current income tax liabilities		**39,300**	41,129
		984,144	955,572
Total liabilities		**1,072,340**	1,042,829
Total equity and liabilities		**4,494,090**	4,616,329
Net current assets		**407,499**	418,855
Total assets less current liabilities		**3,509,946**	3,660,757

Notes:

1 GENERAL INFORMATION

Café de Coral Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda with limited liability on 1 October 1990. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the operation of quick service restaurants and institutional catering, casual dining chains, as well as food processing and distribution business.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 14 June 2019.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3 ACCOUNTING POLICIES

3.1 New and amended standards and interpretation adopted by the Group

The following new and amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2018:

- HKFRS 9, "Financial instruments"
- HKFRS 15, "Revenue from contracts with customers"
- Amendments to HKFRS 1 and HKAS 28, "Annual improvement 2014-2016 cycle"
- Amendments to HKFRS 2, "Classification and measurement of share-based payment transactions"

3 ACCOUNTING POLICIES (Continued)

3.1 New and amended standards and interpretation adopted by the Group (Continued)

The following new and amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2018: (Continued)

- Amendments to HKFRS 4, "Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts"
- Amendments to HKFRS 15, "Clarification to HKFRS 15"
- Amendments to HKAS 40, "Transfers of investment property"
- HK(IFRIC)-Int 22, "Foreign currency transactions and advance consideration"

The impact of the adoption of HKFRS 9, "Financial instruments" and HKFRS 15, "Revenue from contracts with customers" are disclosed in Note 3.3 "Changes in accounting policies" section below.

Apart from aforementioned HKFRS 9 and HKFRS 15, there are no other amendments to standards and interpretation that are effective for the first time for the reporting period that could be expected to have a material impact on the Group.

3.2 New and amended standards, interpretation and framework not yet adopted

The following new and amended standards, interpretation and framework have been issued but are not effective for the financial year beginning 1 April 2018 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Project (HKAS 12, HKAS 23, HKFRS 3 and HKFRS 11)	Annual improvements 2015 — 2017 cycle	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established by Hong Kong Institute of Certified Public Accountants

3 ACCOUNTING POLICIES (Continued)

3.2 New and amended standards, interpretation and framework not yet adopted (Continued)

The following new and amended standards, interpretation and framework have been issued but are not effective for the financial year beginning 1 April 2018 and have not been early adopted (Continued)

Except for HKFRS 16 as described below, the adoption of these new standards, interpretation and framework is not expected to have any significant impact on the results and the financial position of the Group.

HKFRS 16 "Leases"

Nature of change

HKFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. The standard replaces HKAS 17 "Leases", and related interpretations.

Impact

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$2,331,597,000.

Except for the short-term and low value leases, HKFRS 16 requires the Group to recognise right-of-use assets and lease liabilities for all lease contracts on 1 April 2019 including those that are currently identified as operating lease. In the consolidated income statement, the rental expense will decrease, while depreciation of right-of-use assets and interest expense arising from the financial liabilities will increase. However, for operating lease that would expire within 12 months from 1 April 2019, the Group will apply the short-term lease exemption. The accounting for these short-term leases is similar to the accounting for an operating lease under HKAS 17.

Date of adoption by Group

The standard is mandatory for financial years commencing on or after 1 January 2019. The Group considers that full retrospective approach is more appropriate; under such approach, comparative amounts will be restated for the year prior to first adoption.

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 9 "Financial instruments" and HKFRS 15 "Revenue from contracts with customers" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

(a) Impact on consolidated financial information

The Group elects to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The classification and the adjustments arising from the adoption of HKFRS 9 and HKFRS 15 are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the opening of the consolidated statement of financial position on 1 April 2018.

(b) HKFRS 9 "Financial instruments" – Impact on adoption

(i) Classification and measurement

The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets are managed and its contractual cash flow characteristics.

An investment in equity securities is classified as financial assets at fair value through profit or loss unless the equity investment is not held for trading purposes. On initial recognition of the investment, the Group can make an election to designate the investment at measured at fair value through other comprehensive income ("FVOCI") (without subsequent reclassification to profit or loss) such that the subsequent changes in fair value are recognised in other comprehensive income.

Management designated its Hong Kong listed equity investments as financial assets at FVOCI. As such, available-for-sale financial assets of HK$147,978,000 in the consolidated statement of financial position was reclassified as financial assets at FVOCI on 1 April 2018 upon the adoption of HKFRS 9.

Other classes of financial assets and financial liabilities had the same carrying amounts in accordance with HKAS 39 and HKFRS 9 on 1 April 2018 and there is no change in measurement categories of each material class of financial assets and liabilities.

(ii) Impairment of financial assets

The Group's significant financial assets which are subject to the new expected credit loss model include cash and cash equivalents, bank deposits with original maturities over 3 months, trade and other receivables.

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

(b) HKFRS 9 "Financial instruments" – Impact on adoption (Continued)

(ii) Impairment of financial assets (Continued)

The Group was required to revise its impairment methodologies under HKFRS 9 for these classes of financial assets. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables based on credit risk characteristics and the days past due. For other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition. Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

As at date of adoption on 1 April 2018 and during the year ended 31 March 2019, the Group has assessed the expected credit loss model applied and the change in impairment methodologies has no significant impact to the Group's allowance for impairment.

(c) HKFRS 15 "Revenue from contracts with customers" – Impact of adoption

The Group has adopted HKFRS 15 "Revenue from contracts with customers" from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As such, receipt in advance from customers which was previously included in other creditors and accrued liabilities, amounting to HK$31,901,000 as at 1 April 2018, are now recognised as contract liabilities (as included in other creditors and accrued liabilities) to reflect the terminology of HKFRS 15. Except for the above, the directors consider the adoption of HKFRS 15 does not have a material impact to the opening balance of equity as at 1 April 2018.

If HKAS 18 had continued to apply to the year ended 31 March 2019 instead of HKFRS 15, except for a reclassification from contract liabilities to other creditors and accrued liabilities, there would be no impact to the consolidated financial statements as at and for the year ended 31 March 2019.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Chinese Renminbi ("RMB").

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the directors are of the opinion that the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

(b) Interest rate risk

The Group has no significant interest-bearing assets except for bank deposits and bank structured/guaranteed deposit notes, the income and operating cash flows of which are substantially independent of changes in market interest rates.

Interest rate risk mainly arises from bank deposits at variable interest rate which are subject to cash flow interest rate risk. The directors are of the opinion that any reasonable changes in interest rates would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented for interest rate risk.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income. The Group has not mitigated its price risk arising from these financial assets.

For the Group's financial assets that are publicly traded, the fair value is determined with reference to quoted market prices. For the Group's financial assets that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date.

As at 31 March 2019, if the price of the listed equity securities (financial assets at fair value through other comprehensive income) has increased/decreased by 10% with all other variables being held constant, the Group's investment reserve would have increased/decreased by HK$15,410,000 (2018: HK$14,798,000).

(d) Credit risk

(i) Risk management

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, deposits with bank and financial institutions, as well as credit exposures to customers and debtors, including trade and other receivables.

Credit risk is managed on a group basis. Majority of the Group's bank balances and deposits are placed in banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as at 31 March 2019.

The credit quality of the landlords is assessed based on the financial position of the landlords as well as past experience of the Group in dealing with the respective landlords. The Group has policies in place to ensure rental deposits are placed to landlords with appropriate credit histories and credit terms are granted to reliable debtors. The Group's historical experience in collection of deposits and other receivables falls within recorded allowance and the directors are of the opinion that expected credit loss rate of these balances is close to zero and no provision was made as at 31 March 2019.

There is no concentration of credit risk as the Group's bank balances and deposits are deposited in over ten financial institutions with good credit ratings, and the Group has a large number of counterparties for rental deposits, trade and other receivables. Management does not expect any losses from non-performance by these financial institutions and counterparties.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has three main types of financial assets that are subject to the expected credit loss model:

(1) Cash and cash equivalents;

(2) Trade receivables; and

(3) Other financial assets measured at amortised costs (including deposits and other receivables)

(1) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(2) Trade receivables

Trade receivables of the Group are subject to the expected credit loss model. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2019 or 1 April 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On the basis, expected loss rate of trade receivables is assessed to be close to zero, as at 31 March 2019 and 1 April 2018. In respect of trade receivables, the loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of HKFRS 9) was determined as follows:

31 March 2019	0 – 30 days HK$'000	31 – 60 days HK$'000	61 – 90 days HK$'000	91 – 365 days HK$'000	Over 365 days HK$'000	Total HK$'000
Gross carrying amount – Trade receivables	49,724	11,201	5,581	4,320	1,225	72,051
Loss allowance	-	-	-	-	(1,182)	(1,182)

1 April 2018	0 – 30 days HK$'000	31 – 60 days HK$'000	61 – 90 days HK$'000	91 – 365 days HK$'000	Over 365 days HK$'000	Total HK$'000
Gross carrying amount – Trade receivables	43,600	11,529	7,052	3,183	942	66,306
Loss allowance	-	-	-	(103)	(942)	(1,045)

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

(3) Other financial assets measured at amortised costs (including deposits and other receivables)

Other financial assets at amortised cost include the other receivables excluding prepayments. The credit quality of other financial assets at amortised cost has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Management is of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of the other financial assets at amortised cost is assessed to be close to zero and no provision was made as at 31 March 2019 and 1 April 2018.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

The Group's primary cash requirements are payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

As at 31 March 2019, all of the Group's financial liabilities equaled their carrying amounts as they are due within 12 months from 31 March 2019 with insignificant discounting impact.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is calculated as "capital and reserves attributable to the equity holders of the Company" less total borrowings, if any. Management considers that the Group's capital risk is minimal as at 31 March 2018 and 31 March 2019.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 March 2019:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Financial assets at fair value through other comprehensive income – Listed equity investments	154,102	154,102
Total financial assets measured at fair value	154,102	154,102

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31 March 2018:

	Level 1	Total
	HK$'000	*HK$'000*
Assets		
Available-for-sale financial assets		
– Listed equity investments	147,978	147,978
Total financial assets measured at fair value	147,978	147,978

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying values less loss allowance of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. There were no transfers between level 1, 2 and 3 during the year.

5 SEGMENT INFORMATION

The Group is principally engaged in the operation of quick service restaurants and institutional catering, 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 amongst different segments. He assesses the business principally from a geographical perspective including Hong Kong and Mainland China. Segment result as presented below represents operating profit before fair value gain on investment properties, depreciation and amortisation and impairment loss.

5 SEGMENT INFORMATION (Continued)

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

	Hong Kong	**Mainland China**	**Group**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2019			
Total segment revenue	**7,345,454**	**1,274,169**	**8,619,623**
Inter-segment revenue *(Note i)*	**(3,500)**	**(122,240)**	**(125,740)**
Revenue (from external revenue) *(Note ii)*	**7,341,954**	**1,151,929**	**8,493,883**
Segment result *(Note iii)*	**884,711**	**162,011**	**1,046,722**
Depreciation and amortisation	**(304,708)**	**(51,168)**	**(355,876)**
Fair value gain on investment properties	**19,800**	**-**	**19,800**
Impairment loss of property, plant and equipment	**(3,529)**	**-**	**(3,529)**
Finance income	**11,646**	**3,157**	**14,803**
Income tax expense	**(107,486)**	**(22,324)**	**(129,810)**
Year ended 31 March 2018			
Total segment revenue	7,355,111	1,205,743	8,560,854
Inter-segment revenue *(Note i)*	(3,893)	(129,562)	(133,455)
Revenue (from external revenue) *(Note ii)*	7,351,218	1,076,181	8,427,399
Segment result *(Note iii)*	792,172	136,029	928,201
Depreciation and amortisation	(297,576)	(46,870)	(344,446)
Fair value gain on investment properties	18,800	-	18,800
Impairment loss of property, plant and equipment	(32,972)	-	(32,972)
Finance income	4,959	6,702	11,661
Income tax expense	(86,928)	(35,021)	(121,949)

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

(ii) The Group has a large number of customers. For the year ended 31 March 2019 and 2018, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue.

5 SEGMENT INFORMATION (Continued)

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

	2019	2018
	HK$'000	*HK$'000*
Segment results	**1,046,722**	928,201
Depreciation and amortisation	**(355,876)**	(344,446)
Fair value gain on investment properties	**19,800**	18,800
Impairment loss of property, plant and equipment	**(3,529)**	(32,972)
Operating profit	**707,117**	569,583
Finance income	**14,803**	11,661
Profit before income tax	**721,920**	581,244

	Hong Kong	**Mainland China**	**Group**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2019			
Segment assets	**3,648,783**	**677,507**	**4,326,290**
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**250,101**	**101,629**	**351,730**
Year ended 31 March 2018			
Segment assets	3,541,137	893,325	4,434,462
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	440,887	82,083	522,970

As at 31 March 2019, the Group's non-current assets (other than financial instruments and deferred income tax assets) that are located in Hong Kong and the Mainland China amounted to HK$2,570,465,000 (2018: HK$2,713,049,000) and HK$365,199,000 (2018: HK$350,369,000) respectively.

5 SEGMENT INFORMATION (Continued)

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

	2019	*2018*
	HK$'000	*HK$'000*
Total segment assets	**4,326,290**	4,434,462
Deferred income tax assets	**12,681**	30,506
Available-for-sale financial assets	**-**	147,978
Financial assets at fair value through other comprehensive income	**154,102**	-
Current income tax recoverable	**1,017**	3,383
Total assets	**4,494,090**	4,616,329

6 REVENUE

	2019	2018
	HK$'000	*HK$'000*
Sales of food and beverages	**8,398,170**	8,335,340
Rental income	**50,287**	48,139
Management and service fee income	**7,114**	11,095
Franchise income	**457**	434
Sundry income	**37,855**	32,391
	8,493,883	8,427,399

7 OTHER GAINS/(LOSSES), NET

	2019	2018
	HK$'000	*HK$'000*
Dividend income from listed equity investments	**11,736**	15,818
Fair value gain on investment properties	**19,800**	18,800
Loss on disposal of other property, plant and equipment, net	**(10,588)**	(20,901)
Loss on disposal of investment properties	**(741)**	-
Impairment loss of property, plant and equipment	**(3,529)**	(32,972)
Government subsidy	**1,009**	2,799
Forfeiture of deposit relating to disposal of a property	**-**	2,750
	17,687	(13,706)

8 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Cost of raw materials and packing	**2,334,851**	2,404,317
Amortisation of leasehold land and land use rights	**2,959**	2,967
Amortisation of intangible assets	**564**	752
Depreciation of property, plant and equipment	**352,353**	340,727
Operating lease rentals in respect of rented premises (including contingent rentals of HK$71,093,000 (2018: HK$51,030,000))	**1,015,684**	1,024,580
Exchange (gains)/losses, net	**(3,061)**	748
Employee benefit expense (excluding share-based compensation expenses)	**2,668,644**	2,635,011
Share-based compensation expenses (Note a)	**(1,209)**	26,240
Auditor's remuneration	**3,827**	3,759
Electricity, water and gas	**399,767**	394,110
Advertising	**74,062**	77,977
Loss allowance on trade receivables	**137**	195
Sanitation	**118,246**	112,152
Repairs & maintenance	**94,041**	88,266
Other expenses	**743,588**	732,309
	7,804,453	7,844,110
Representing:		
Cost of sales	**7,356,665**	7,385,291
Administrative expenses	**447,788**	458,819
	7,804,453	7,844,110

(a) During the year ended 31 March 2019, amount included the reversal of the share-based compensation expenses previously recognised for the awarded performance shares of approximately HK$22,560,000. The vesting of awarded performance shares were conditional upon attainment of performance target with reference to the Group's performance and the performance target was not achieved. Therefore, no awarded performance shares are vested.

9 FINANCE INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income	**14,803**	11,661

10 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until year 2035. Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2019	2018
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**93,476**	85,142
- PRC taxation	**24,594**	21,085
Deferred income tax relating to the origination and reversal of temporary differences	**13,667**	(2,685)
Withholding tax on dividend	**-**	17,880
(Over)/under provision in prior years	**(1,927)**	527
	129,810	121,949

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax	**721,920**	581,244
Calculated at a taxation rate of 16.5% (2018: 16.5%)	**119,117**	95,905
Effect of different taxation rates in other countries	**10,761**	5,890
Income not subject to taxation	**(14,260)**	(10,981)
Expenses not deductible for taxation purposes	**6,862**	14,306
Reversal of previously recognised/(recognition of previously unrecognised) temporary difference	**4,659**	(5,943)
Tax losses not recognised	**5,352**	4,740
Withholding tax on dividend	**-**	17,880
(Over)/under provision in prior years	**(1,927)**	527
Others	**(754)**	(375)
Taxation charge	**129,810**	121,949

11 EARNINGS PER SHARE

(a) 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 year excluding ordinary shares purchased by the Company for share award scheme.

	2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**590,285**	458,055
Weighted average number of ordinary shares in issue ('000)	**580,429**	579,962
Basic earnings per share (HK$ per share)	**HK$1.02**	HK$0.79

(b) 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 on the share options and shares under the share award scheme.

	2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**590,285**	458,055
Weighted average number of ordinary shares in issue ('000)	**580,429**	579,962
Adjustment for share award scheme ('000)	**1,291**	1,180
Adjustment for share options ('000)	**-**	23
	581,720	581,165
Diluted earnings per share (HK$ per share)	**HK$1.01**	HK$0.79

12 DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividend, paid, of HK19 cents (2018: HK18 cents) per ordinary share	**111,253**	105,398
Final dividend, proposed, HK65 cents (2018: HK63 cents) per ordinary share	**380,603**	368,892
Special dividend, of Nil (2018: HK35 cents) per ordinary share	**-**	204,940
	491,856	679,230

A final dividend of HK65 cents per ordinary share in respect of the year ended 31 March 2019 was proposed. Such final dividend is subject to approval by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

13 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**72,051**	66,306
Less: Loss allowance	**(1,182)**	(1,045)
Trade receivables – net (Note a)	**70,869**	65,261
Other receivables (Note b)	**94,217**	126,205
	165,086	191,466
Prepayments and deposits	**126,813**	121,198
	291,899	312,664

(a) 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, sales of merchandise for the Group's food manufacturing business and its franchisees.

(b) Other receivables primarily comprise value-added tax recoverables, other receivables from a security logistic company and certain bank deposit notes with PRC banks. As at 31 March 2019, the Group had RMB denominated bank structured deposit notes amounting to HK$29,156,000 with principal guaranteed, and with maturities of 3 months at an effective interest rate ranging from 2.7% to 2.8% per annum. As at 31 March 2018, the Group had RMB denominated guaranteed deposit notes of HK$34,956,000 with maturities of 1.5 months at fixed interest rate of 3.2% per annum.

13 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

The ageing analysis of trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**49,724**	43,600
31 – 60 days	**11,201**	11,529
61 – 90 days	**5,581**	7,052
91 – 365 days	**4,320**	3,183
Over 365 days	**1,225**	942
	72,051	66,306

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**217,446**	199,337
31 – 60 days	**278**	7,118
61 – 90 days	**344**	153
Over 90 days	**1,642**	870
	219,710	207,478

15 COMMITMENTS

As at 31 March 2019, the Group had the following capital commitments:

	2019	2018
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**69,683**	34,691
Authorised but not contracted for	**510,089**	445,157
	579,772	479,848

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK65 cents per share for the year ended 31 March 2019 (FY2017/18: HK63 cents). The proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting ("AGM") to be held on 3 September 2019. Upon shareholders' approval, the proposed dividend will be paid on 18 September 2019 to shareholders whose names shall appear on the Register of Members of the Company on 9 September 2019.

Together with the interim dividend of HK19 cents per share (FY2017/18: HK18 cents), the total dividend for the year ended 31 March 2019 will amount to HK84 cents per share (FY2017/18: HK116 cents including a special dividend of HK35 cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the Register of Members of the Company will be closed from 29 August 2019 (Thursday) to 3 September 2019 (Tuesday) during which no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, 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 28 August 2019 (Wednesday).

For the purpose of determination of entitlement to the final dividend, the Register of Members of the Company will be closed on 9 September 2019 (Monday) on which no transfer of shares will be registered. In order to qualify for the final 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 6 September 2019 (Friday).

CORPORATE GOVERNANCE

The Board and management 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 of the Company as well as the long-term sustainability of the Group.

The Group's corporate governance framework and practices adhere to the principles of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). For the year ended 31 March 2019, the Company complied with all code provisions as set out in the CG Code and adopted the recommended best practices of the CG Code insofar as they are relevant and practicable.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report which will be included in the Company's Annual Report for the year ended 31 March 2019.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company is set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. It currently comprises the four independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 March 2019 with management and the external auditor, PricewaterhouseCoopers ("PwC").

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this results announcement have been agreed by PwC, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries 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 570,224 shares of the Company at a total consideration of about HK$10.8 million to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Award Scheme.

By order of the Board
Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 14 June 2019

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.