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 2019

HIGHLIGHTS

- **The Group's revenue for the first half of FY2019/20 amounted to HK$4,263.8 million, a 1.6% increase compared to the corresponding period last year. Profit attributable to shareholders declined 34.5% to HK$149.7 million mainly due to the weak revenue growth of business segments in Hong Kong amidst the challenging market environment.**

- **Revenue growth of our quick service restaurant business in Hong Kong was impacted by weak market sentiment. Profit margins were affected by more value meals and promotions that were launched in order to protect market share. The decline in profit during the period was also attributed to higher operating costs.**

- **The casual dining business recorded a decline in revenue during the period. Performance of the business segment was impacted by adverse market environment, in particular at a number of key locations for the Group's casual dining business.**

- **The Mainland China business continued to grow with strong momentum. Positive same store sales growth was recorded during the period under review as existing outlets maintained healthy growth and new shops performed well. The business has accelerated its network expansion in strategic cities in Southern China.**

- **The Group is focusing on implementing short term and longer term measures to control costs and drive efficiency to protect margins.**

- **An interim dividend of HK19 cents per share was declared (2018: HK19 cents).**

** For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

Café de Coral Group faced a number of challenges during the first six months of FY2019/20.

Market sentiment has been weakening, which affected our quick service restaurant (QSR) and casual dining businesses in Hong Kong and hindered revenue growth. In order to maintain sales and protect market share, the Group launched more value meals and promotions, which affected margins in the short term. On the other hand, operating costs including labour cost and rental expenses have been rising, resulting in a decline in profit during the period under review.

To overcome short-term obstacles, the Group is committed to implementing various measures to control costs and uplift productivity to safeguard margins. Although these measures may take some time to be reflected in our results, the Group is confident in its ability to return to sustainable growth.

During the reporting period, our QSR business focused on product quality enhancement and expanded its network after a period of consolidation last year. Going forward, the business will maintain its focus on cost control and efficiency to sustainably grow operations in a challenging operating environment.

Internal improvements in recent years have been reflected in the product and service quality of the casual dining business. The business is well positioned for growth when market sentiment improves.

The Mainland China business continued to deliver healthy growth, and accelerated the pace of expansion with new stores in strategic locations in major cities. Based on the strength of the market, the Group is allocating additional resources to capitalise on business opportunities in the Greater Bay Area.

RESULTS OVERVIEW

The Group has retrospectively adopted HKFRS 16 “Leases” with effect from 1 April 2019 and restated prior period comparatives. Right-of-use assets and lease liabilities have been recognised for all leases, except for short-term and low-value leases. Depreciation of right-of-use assets and finance cost on lease liabilities have been recognised accordingly in the condensed consolidated income statement.

Revenue

For the six months ended 30 September 2019, the Group's revenue increased by 1.6% to HK$4,263.8 million (2018: HK$4,198.5 million). Revenue by business division is set out below:

	Six months ended 30 September		
	2019	**2018**	**Change**
	HK$'m	*HK$'m*	***(%)***
Hong Kong			
QSR and Institutional Catering	**3,133.4**	3,066.8	**2.2**
Casual Dining	**442.8**	461.9	**(4.1)**
Others*	**75.7**	79.1	**(4.4)**
Subtotal	**3,651.9**	3,607.8	**1.2**
Mainland China	**611.9**	590.7	**3.6**
Group	**4,263.8**	4,198.5	**1.6**

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

Gross Profit Margin

Gross profit margin decreased to 11.7% for the six months ended 30 September 2019 (2018: 13.4%).

Administrative Expenses

Administrative expenses increased by 8.5% to HK$259.9 million during the six months ended 30 September 2019 (2018: HK$239.5 million).

Key Costs

The breakdown of major expenses is set out below:

	Six months ended 30 September			
	2019		**2018**	
	HK$'m	***% of revenue***	*HK$'m (Restated)*	*% of revenue*
Cost of raw materials and packing	**1,188.6**	27.9	1,154.0	27.5
Staff cost	**1,389.6**	32.6	1,341.6	32.0
Rental costs*	**531.1**	12.5	526.0	12.5

** Includes rental related depreciation in right-of-use assets and finance cost of lease liabilities as well as rental costs of short-term lease and low-value leases and turnover rent.*

Other (Losses)/Gains, Net

Other (losses)/gains, net decreased by HK$12.8 million, mainly due to an increase of impairment loss in property, plant and equipment by HK$8.2 million (2018: Nil).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders decreased 34.5% to HK$149.7 million for the six months ended 30 September 2019 (2018: HK$228.7 million), primarily due to unattained growth in the Group's sales amidst the weakened market sentiment.

Segment Results

The segment results represented operating profit before fair value change on investment properties, depreciation and amortisation and impairment loss of property, plant and equipment but less depreciation of right-of-use assets – properties and finance costs of lease liabilities. Hong Kong segment results decreased 21.2% to HK$298.2 million for the six months ended 30 September 2019 (2018: HK$378.4 million), mainly due to weakened market sentiment during the period. Mainland China segment results decreased 6.3% to HK$73.7 million (2018: HK$78.7 million), mainly due to RMB depreciation and loss of operating days for more shops under renovation during the period.

Basic Earnings Per Share

The Group's basic earnings per share decreased 34.5% to HK25.81 cents for the six months ended 30 September 2019 (2018: HK39.41 cents).

Interim Dividend

The Board has declared the payment of an interim dividend of HK19 cents per share to shareholders for the six months ended 30 September 2019 (2018: HK19 cents).

BUSINESS ANALYSIS

QSR and Institutional Catering

During the six-month period ended 30 September 2019, revenue from this division increased by 2.2% to HK$3,133.4 million (2018: HK$3,066.8 million). The Group's QSR and institutional catering business had a total of 303 outlets as of 30 September 2019 (31 March 2019: 298).

Café de Coral fast food experienced flat same store sales growth during the first half of the fiscal year. Sales growth of the brand, in particular during the period's peak summer sales season as well as weekends, was affected by the weakened market sentiment – although business outside affected areas enjoyed moderate growth. Profit margins of the business for the period were hit by more value meals and promotions to boost sales, as well as increasing operating costs and overhead expenses.

As a result, **Café de Coral** fast food has been taking both short term and longer term actions to control costs and tighten operational expenses, including effective manpower deployment as well as controlling rental expenses to protect margins. The Group will also accelerate the use of technology and automation – which will further enhance productivity and streamline operations for the future.

Following a period of network consolidation last year, **Café de Coral** fast food opened 7 new shops during the first half of FY2019/20, ending the period with 165 outlets (31 March 2019: 162). New shop openings for the second half of the year will focus more on community areas with high potential and better returns. In a move to explore new sales channels, the business will be launching delivery service in Q3 through foodpanda and mobile apps.

Facing the same challenges in Hong Kong, **Super Super Congee & Noodles** witnessed -1% same store sales growth during the reporting period.

Super Super Congee & Noodles continued to strengthen its brand image as Hong Kong's leading congee and noodle chain, offering high quality, authentic, yet affordable Chinese cuisine that caters to local tastes. During the period under review, the brand opened 3 new shops, operating a total of 48 outlets at 30 September 2019 (31 March 2019: 49). The business installed Kitchen Video Systems (KVS) and Table Position Systems (TPS) at all branches to enhance customer experience, and also initiated trial runs of self-service kiosks at 3 designated branches. The business is actively exploring other sales channels through delivery services.

The Group's institutional catering brands, **Asia Pacific Catering** and **Luncheon Star**, performed well in a keenly competitive market. **Asia Pacific Catering** gained 3 new major contracts, ending the period under review with 90 operating units (31 March 2019: 87). **Luncheon Star** strengthened its leadership position as the No. 1 student lunch service provider in Hong Kong, while increasing production capacity to facilitate business expansion and upgrading production lines to enhance operational efficiency.

Casual Dining

Revenue from the casual dining business decreased by 4.1% to HK$442.8 million (2018: HK$461.9 million). Performance of the division was impacted by the adverse market environment, in particular at a number of key locations included in the Group's casual dining portfolio. However, business in unaffected areas has enjoyed moderate growth – underlining the success of internal improvement on fundamentals over the past few years. The business operated 65 outlets at 30 September 2019 (31 March 2019: 60).

The Chinese cuisine brands, **Shanghai Lao Lao** and **Mixian Sense**, ended the period under review with networks of 13 and 20 shops, respectively (31 March 2019: 12 and 17 shops, respectively). **Shanghai Lao Lao** opened 2 new shops during the period, whilst **Mixian Sense** expanded its network with the opening of 3 new shops, and increased its brand loyalty. The brands are expected to deliver a more solid contribution to the Group's casual dining portfolio.

The non-Chinese brands, **The Spaghetti House** and **Oliver's Super Sandwiches**, operated with 8 and 14 shops, respectively (31 March 2019: 7 and 13 shops, respectively) at the end of the reporting period. Although the closure of certain key shops impacted performance, **The Spaghetti House** opened 3 new shops during the period, and its 40^{th} Anniversary campaign and repositioning as a family restaurant have generated positive market response. Stronger brand positioning at **Oliver's Super Sandwiches** led to positive same store sales growth during the period under review, and the opening of an outlet at the City University campus has expanded brand presence beyond commercial and retail districts.

The Group continued to fine-tune the business models of its franchised brands.

Mainland China

Revenue from Mainland China increased by 3.6% to HK$611.9 million (2018: HK$590.7 million), in spite of a 4.5% decrease in Renminbi against Hong Kong dollars as compared to the corresponding period last year.

Our Southern China fast food business carried the strong momentum of the previous financial year into the first half of FY2019/20, achieving a 9.6% increase in revenue to RMB516.0 million with same store sales growth of 6% as existing outlets maintained healthy growth and new shops performed well.

Our branch network in Mainland China continued to expand, with 5 new shops opened in strategic city locations including Guangzhou, Shenzhen and Zhuhai – bringing the total number of outlets to 107 at 30 September 2019 (31 March 2019: 107). An additional 16 shops are planned to open during the second half of the fiscal year. The Group has established strategic alliances with eight real estate developers operating in the Greater Bay Area to jointly collaborate on network expansion.

The Southern China fast food operation also accelerated re-imaging of its new 6G stores, which will facilitate same store sales growth. New and re-imaged stores are expected to deliver increasing contributions to profit during the remaining half of the fiscal year.

Successful product enhancements such as the sizzling plate promotion drove sales growth during the peak summer season, leveraging high quality steak platters and a coordinated marketing campaign. O2O deliveries continued to outperform expectations and drove overall sales during the period under review.

KEYS TO SUCCESS

Brand Building

This year marks the Group's "Year of Quality", an internal effort to drive continuous enhancement of our product quality, which underpins the essence of the brand. During the period, **Café de Coral** fast food rolled out brand campaigns featuring "Hong Kong Style Curry" and "Sizzling Plates" which generated positive response and enhanced affinity with the brand, which will help to build brand fundamentals in the long run.

At the same time, advances and improvements in technology – such as the rollout of Kitchen Video Systems – allow us to fulfil our customer promise of continuous enhancement of the dining experience with greater efficiency.

People Development

As of 30 September 2019, the Group had a workforce of 20,337 employees (31 March 2019: 19,110).

Training in 2019 continued to focus on developing staff at all levels, with a particular focus on a Service Excellence mindset based on "Quality, Service and Cleanliness" guidelines to enhance the customer experience and operational efficiency.

Effective leadership and talent development are critical to the Group's ongoing success. Our internal programme, accredited by the Qualification Framework (QF) Scheme of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications was launched to develop the management talent pool at the branch level. The Group also introduced a Continuous Leadership Development programme to enhance our leadership pipeline from the frontline to area management.

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 30 September 2019, the Group had a network of 368 stores in Hong Kong and 107 stores in Mainland China.

Taking a prudent approach to network optimisation against the backdrop of the current operating environment, the Group has tightened review of our shop portfolio in Hong Kong and is focusing on good locations with better returns. Leveraging the brand's reputation, experience and bargaining power, we are actively exploring better opportunities to optimise our portfolio as well as controlling rental expenses to protect margins.

In Mainland China, the Group's strategic alliances with eight real estate developers in the Greater Bay Area will facilitate acceleration of the Group's network expansion in the region.

Supply Chain Management

Placing great importance on food safety and transparency, we have strengthened the Group's data management capabilities by upgrading supply chain systems and adopting international standards to enhance efficiency and food traceability.

This year, the Group was named the Diamond Enterprise Winner in GS1 Hong Kong's Quality Food Traceability Scheme 2019 for the second consecutive year.

Sustainability

During the period under review, we continued efforts to reduce disposable, single-use plastic items in our stores as well as other resource optimisation initiatives. Recognising our long-term efforts in sustainability, the Group was included in the Hang Seng Corporate Sustainability Benchmark Index for the fifth consecutive year. We shall report our sustainability performance in greater detail in the Company's Sustainability Report 2019/20.

FINANCIAL REVIEW

Financial Position

The Group's financial position remained healthy during the period under review. As of 30 September 2019, the Group had net cash of approximately HK$553 million, with HK$785 million in available banking facilities. The Group's current ratio as of the same date was 0.6 (31 March 2019: 0.8) and the cash ratio was 0.3 (31 March 2019: 0.5). The Group had no external borrowing (31 March 2019: Nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2019: Nil).

Capital Expenditure and Commitment

During the period under review, the Group's capital expenditure (excluding right-of-use assets) was HK$275 million (2018: HK$143 million). As at 30 September 2019, the Group's outstanding capital commitments (excluding right-of-use assets) were HK$323 million (31 March 2019: HK$580 million).

Contingent Liabilities

As of 30 September 2019, the Company provided guarantees of approximately HK$945 million (31 March 2019: HK$915 million) to financial institutions in connection with banking facilities granted to its subsidiaries. The Group had no charge on assets as of 30 September 2019.

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 ahead, the Group expects market sentiment may take some time to improve. Whilst taking a prudent view on revenue performance for the full financial year, we are implementing decisive actions to protect margins by controlling costs, reviewing and re-engineering overhead as well as driving efficiency and productivity.

Efficiency and productivity enhancement involves development and implementation of new ways of working, including reviews of kitchen layouts and related staff deployment ratios. We are also leveraging technology to enhance core kitchen management systems, while employing best-in-class equipment in new kitchen designs to improve throughput without compromising quality.

With the benefit of a healthy cash flow and strong pool of resources, the Group is well positioned to capitalise on attractive business opportunities despite the challenging external environment – allowing us to choose the most favourable options to grow our talent pool, enhance our operations and expand our business. At the same time, we will allocate additional resources to areas of high growth, including the Greater Bay Area in Mainland China.

Having grown together with Hong Kong for over 50 years, the Group is confident in its ability to navigate this challenging market environment; and we will continue to focus on serving high quality, high value meals for customers from all walks of life.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Note	Six months ended 30 September 2019 *HK$'000*	2018 *HK$'000* (Note 1(a)) (Restated)
Revenue	3	**4,263,787**	4,198,526
Cost of sales	5	**(3,764,914)**	(3,637,305)
Gross profit		**498,873**	561,221
Other (losses)/gains, net	4	**(3,619)**	9,179
Administrative expenses	5	**(259,878)**	(239,503)
Operating profit		**235,376**	330,897
Finance cost, net	6	**(47,321)**	(49,581)
Profit before income tax		**188,055**	281,316
Income tax expense	7	**(37,711)**	(51,758)
Profit for the period		**150,344**	229,558
Profit attributable to:			
Equity holders of the Company		**149,741**	228,711
Non-controlling interests		**603**	847
		150,344	229,558
Earnings per share for profit attributable to the equity holders of the Company during the period			
- Basic earnings per share	8	**HK25.81 cents**	HK39.41 cents
- Diluted earnings per share	8	**HK25.75 cents**	HK39.34 cents
		HK$'000	*HK$'000*
Dividend			
- Interim	9	**111,284**	111,253

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
		(Note 1(a))
		(Restated)
Profit for the period	**150,344**	229,558
Other comprehensive loss:		
Item that may be reclassified to profit or loss:		
Exchange differences arising from translation of foreign subsidiaries	**(24,110)**	(51,681)
Item that will not be reclassified subsequently to profit or loss:		
Fair value loss on financial assets at fair value through other comprehensive income	**(18,370)**	(7,144)
Total comprehensive income for the period	**107,864**	170,733
Total comprehensive income for the period attributable to:		
– **Equity holders of the Company**	**107,261**	169,886
– Non-controlling interests	**603**	847
	107,864	170,733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2019

	Note	**As at 30 September 2019** *HK$'000* **(Unaudited)**	As at 31 March 2019 *HK$'000* (Note 1(a)) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,597,223**	1,532,256
Investment properties		**628,000**	628,000
Right-of-use assets		**2,889,375**	2,980,808
Intangible assets		**1,596**	1,852
Deferred income tax assets		**52,648**	56,729
Financial assets at fair value through other comprehensive income		**135,732**	154,102
Non-current prepayments and deposits		**305,081**	307,871
		5,609,655	5,661,618
Current assets			
Inventories		**272,686**	241,325
Trade and other receivables	10	**163,015**	165,086
Prepayments and deposits	10	**53,187**	38,099
Current income tax recoverable		**7,502**	1,017
Bank deposits with maturity over three months		**21,973**	21,865
Cash and cash equivalents		**552,693**	835,537
		1,071,056	1,302,929
Total assets		**6,680,711**	6,964,547
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**58,570**	58,554
Share premium		**621,122**	616,811
Shares held for share award scheme		**(146,082)**	(133,020)
Other reserves		**489,804**	542,070
Retained earnings			
– Proposed dividends		**111,284**	380,603
– Others		**1,746,183**	1,709,616
		2,880,881	3,174,634
Non-controlling interests		**5,823**	5,220
Total equity		**2,886,704**	3,179,854

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)
AS AT 30 SEPTEMBER 2019

	Note	**As at 30 September 2019** *HK$'000* **(Unaudited)**	As at 31 March 2019 *HK$'000* (Note 1(a)) (Restated)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**30,401**	27,659
Provision for long service payments		**43,335**	45,258
Retirement benefit liabilities		**13,542**	13,459
Lease liabilities		**1,958,671**	2,017,541
		2,045,949	2,103,917
Current liabilities			
Trade payables	11	**235,961**	219,710
Other creditors and accrued liabilities		**710,257**	648,178
Current income tax liabilities		**44,983**	39,300
Lease liabilities		**756,857**	773,588
		1,748,058	1,680,776
Total liabilities		**3,794,007**	3,784,693
Total equity and liabilities		**6,680,711**	6,964,547

Notes:

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2019 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 ("HKICPA").

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 September 2019, the Group's current liabilities exceeded its current assets by HK$677,002,000 (31 March 2019: HK$377,847,000). The net current liabilities are mainly due to the recognition of current lease liabilities of HK$756,857,000 upon the adoption of HKFRS 16 "Leases". Under the requirement of HKFRS 16 "Leases", the right-of-use assets of HK$2,889,375,000 are all classified as non-current assets while the lease liabilities of HK$756,857,000 and HK$1,958,671,000 are classified as current liabilities and non-current liabilities respectively.

The above current lease liabilities of HK$756,857,000 represents the lease obligations to be fulfilled in the coming twelve months, which will be settled on a monthly basis. Management is of the view that they will be satisfied by the operating cash inflows in the coming twelve months.

The directors of the Company have reviewed the Group's cash flows projections, which cover a period of twelve months from 30 September 2019. The directors are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations and the continued availability of the Group's banking facilities, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 September 2019. Accordingly these condensed consolidated interim financial information have been prepared on a going concern basis.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements except for the adoption of the following new and amended HKFRSs, HKASs and interpretation.

(i) The following new and amendment to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 April 2019:

- Amendments to HKAS 12, HKAS 23, HKFRS 3 and HKFRS 11 "Annual improvements 2015 — 2017 cycle"
- Amendments to HKAS 19 "Plan amendment, curtailment or settlement"
- Amendments to HKAS 28 "Long-term interests in associates and joint ventures"
- Amendments to HKFRS 9 "Prepayment features with negative compensation"
- HKFRS 16 "Leases"
- HK(IFRIC)-Int 23 "Uncertainty over income tax treatments"

Except for HKFRS 16 "Leases" as described below, the adoption of these amendments to standards, and interpretation does not have any significant impact on the results and the financial position of the Group.

1 Basis of preparation (Continued)

(ii) The following new and amendment to standards and framework have been issued but are not yet effective for the financial year beginning on 1 April 2019 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 3	Definition of a business	1 January 2020
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 the HKICPA

Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 April 2019.

(a) HKFRS 16 “Leases” – Impact of adoption

The Group has applied HKFRS 16 from 1 April 2019 retrospectively and has restated prior period comparatives. The tables below show the adjustments recognised for each individual line item as at 31 March 2019 and 30 September 2019.

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(a) HKFRS 16 "Leases" – Impact of adoption (Continued)

Condensed consolidated statement of financial position	As at 30 September 2019 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**As at 30 September 2019 As presented *HK$'000***	As at 31 March 2019 As previously reported *HK$'000*	Effects of adoption HKFRS 16 *HK$'000*	As at 31 March 2019 As restated *HK$'000*
ASSETS						
Non-current assets						
Property, plant and equipment	1,982,026	(384,803)	**1,597,223**	1,922,710	(390,454)	1,532,256
Leasehold land and land use rights	72,705	(72,705)	**-**	75,231	(75,231)	-
Investment properties	628,000	-	**628,000**	628,000	-	628,000
Right-of-use assets	-	2,889,375	**2,889,375**	-	2,980,808	2,980,808
Intangible assets	1,596	-	**1,596**	1,852	-	1,852
Deferred income tax assets	11,701	40,947	**52,648**	12,681	44,048	56,729
Financial assets at fair value through other comprehensive income	135,732	-	**135,732**	154,102	-	154,102
Non-current prepayments and deposits	305,081	-	**305,081**	307,871	-	307,871
	3,136,841	2,472,814	**5,609,655**	3,102,447	2,559,171	5,661,618
Current assets						
Inventories	272,686	-	**272,686**	241,325	-	241,325
Trade and other receivables	163,015	-	**163,015**	165,086	-	165,086
Prepayments and deposits	149,999	(96,812)	**53,187**	126,813	(88,714)	38,099
Current income tax recoverable	7,502	-	**7,502**	1,017	-	1,017
Bank deposits with maturity over three months	21,973	-	**21,973**	21,865	-	21,865
Cash and cash equivalents	552,693	-	**552,693**	835,537	-	835,537
	1,167,868	(96,812)	**1,071,056**	1,391,643	(88,714)	1,302,929
Total assets	4,304,709	2,376,002	**6,680,711**	4,494,090	2,470,457	6,964,547

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(a) HKFRS 16 "Leases" – Impact of adoption (Continued)

Condensed consolidated statement of financial position	As at 30 September 2019 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**As at 30 September 2019 As presented** ***HK$'000***	As at 31 March 2019 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	As at 31 March 2019 As restated *HK$'000*
EQUITY						
Capital and reserves attributable to the equity holders of the Company						
Share capital	58,570	-	**58,570**	58,554	-	58,554
Share premium	621,122	-	**621,122**	616,811	-	616,811
Shares held for share award scheme	(146,082)	-	**(146,082)**	(133,020)	-	(133,020)
Other reserves	481,202	8,602	**489,804**	537,776	4,294	542,070
Retained earnings	2,106,881	(249,414)	**1,857,467**	2,335,367	(245,148)	2,090,219
	3,121,693	(240,812)	**2,880,881**	3,415,488	(240,854)	3,174,634
Non-controlling interests	6,888	(1,065)	**5,823**	6,262	(1,042)	5,220
Total equity	3,128,581	(241,877)	**2,886,704**	3,421,750	(241,896)	3,179,854
LIABILITIES						
Non-current liabilities						
Deferred income tax liabilities	34,842	(4,441)	**30,401**	29,479	(1,820)	27,659
Provision for long service payments	43,335	-	**43,335**	45,258	-	45,258
Retirement benefit liabilities	13,542	-	**13,542**	13,459	-	13,459
Lease liabilities	-	1,958,671	**1,958,671**	-	2,017,541	2,017,541
	91,719	1,954,230	**2,045,949**	88,196	2,015,721	2,103,917
Current liabilities						
Trade payables	235,961	-	**235,961**	219,710	-	219,710
Other creditors and accrued liabilities	803,465	(93,208)	**710,257**	725,134	(76,956)	648,178
Current income tax liabilities	44,983	-	**44,983**	39,300	-	39,300
Lease liabilities	-	756,857	**756,857**	-	773,588	773,588
	1,084,409	663,649	**1,748,058**	984,144	696,632	1,680,776
Total liabilities	1,176,128	2,617,879	**3,794,007**	1,072,340	2,712,353	3,784,693
Total equity and liabilities	4,304,709	2,376,002	**6,680,711**	4,494,090	2,470,457	6,964,547

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(a) HKFRS 16 "Leases" – Impact of adoption (Continued)

	For the six months ended 30 September					
Condensed consolidated income statement	2019 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**2019 As presented** ***HK$'000***	2018 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	2018 As restated *HK$'000*
Revenue	4,263,787	-	**4,263,787**	4,198,526	-	4,198,526
Cost of sales	(3,816,845)	51,931	**(3,764,914)**	(3,683,487)	46,182	(3,637,305)
Gross profit	446,942	51,931	**498,873**	515,039	46,182	561,221
Other (losses)/gains, net	(3,619)	-	**(3,619)**	9,179	-	9,179
Administrative expenses	(260,763)	885	**(259,878)**	(240,089)	586	(239,503)
Operating profit	182,560	52,816	**235,376**	284,129	46,768	330,897
Finance cost, net	9,304	(56,625)	**(47,321)**	7,835	(57,416)	(49,581)
Profit before income tax	191,864	(3,809)	**188,055**	291,964	(10,648)	281,316
Income tax expense	(37,231)	(480)	**(37,711)**	(52,010)	252	(51,758)
Profit for the period	154,633	(4,289)	**150,344**	239,954	(10,396)	229,558
Profit attributable to:						
Equity holders of the Company	154,007	(4,266)	**149,741**	239,076	(10,365)	228,711
Non-controlling interests	626	(23)	**603**	878	(31)	847

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(a) HKFRS 16 "Leases" – Impact of adoption (Continued)

Condensed consolidated statement of cash flows (Extract)	2019 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**2019 As presented** ***HK$'000***	2018 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	2018 As restated *HK$'000*
	For the six months ended 30 September					
Cash generated from operations	447,274	474,941	**922,215**	522,891	467,118	990,009
Net cash generated from operating activities	415,509	474,941	**890,450**	473,752	467,118	940,870
Payment of lease liabilities	-	(474,941)	**(474,941)**	-	(467,118)	(467,118)
Net cash used in financial activities	(414,041)	(474,941)	**(888,982)**	(580,317)	(467,118)	(1,047,435)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities ranged from 3% to 8%, depending on the jurisdiction of the operating lease contracts and lease terms.

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(a) HKFRS 16 “Leases” – Impact of adoption (Continued)

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by certain items as set out in Note (b) “Accounting policies adopted since 1 April 2019” below. The right-of-use assets were recognised in the condensed consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset’s useful life and the lease term.

The recognised right-of-use assets all relate to properties, leasehold land and land use rights. As a result of the above changes, certain items in the condensed consolidated income statement as highlighted above are restated.

Cash payments for the settlement of lease liabilities for the six months ended 30 September 2018 of HK$467.1 million were required to be reclassified from operating activities to financing activities according to HKFRS 16 in the restated condensed consolidated statement of cash flows. The Group’s total net cash flow is unaffected.

The definition of segment results of the Group was adjusted as a result of the adoption of HKFRS 16. Upon the adoption of HKFRS 16, the chief operating decision-maker of the Group, who is identified as the Chief Executive Officer reviews the definition of segment results, which represents operating profit before fair value change on investment properties, depreciation, amortisation; and impairment loss of property, plant and equipment less depreciation of right-of-use assets – properties; and finance costs of lease liabilities. Before the adoption, segment results are defined to be the operating profit before fair value changes on investment properties, depreciation and amortisation; and impairment losses of property, plant and equipment. Accordingly, the comparative segment information has been restated to reflect the current definition.

Under the new definition, the segment results were decreased by HK$3,809,000 and HK$10,648,000 for the six months ended 30 September 2019 and 2018, respectively.

1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

(b) HKFRS 16 "Leases" – Accounting policies adopted since 1 April 2019

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the condensed consolidated income statement over the lease period on a straight-line basis.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the condensed consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

2 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 and to assess the business principally from a geographic perspective including Hong Kong and Mainland China. Segment results as presented below represent operating profit before fair value change on investment properties, depreciation and amortisation and impairment loss of property, plant and equipment less related depreciation of right-of-use assets – properties, and finance costs of lease liabilities.

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

	Hong Kong *HK$'000* (Unaudited)	Mainland China *HK$'000* (Unaudited)	Group *HK$'000* (Unaudited)
Six months ended 30 September 2019			
Total segment revenue	**3,653,887**	**668,629**	**4,322,516**
Inter-segment revenue *(Note i)*	**(1,965)**	**(56,764)**	**(58,729)**
Revenue (from external revenue) *(Note ii)*	**3,651,922**	**611,865**	**4,263,787**
Represented by timing of revenue recognition:			
- At a point in time	**3,623,723**	**611,865**	**4,235,588**
- Over time	**28,199**	**-**	**28,199**
	3,651,922	**611,865**	**4,263,787**
Segment results* *(Note iii)*	**298,158**	**73,743**	**371,901**
Depreciation and amortisation (excluding depreciation of right-of-use assets − properties)	**(157,767)**	**(27,184)**	**(184,951)**
Impairment loss of property, plant and equipment	**(8,199)**	**-**	**(8,199)**
Finance income	**8,124**	**1,180**	**9,304**
Income tax expense	**(25,491)**	**(12,220)**	**(37,711)**

* See Note 1(a) for details regarding the impact of segment results upon the adoption of HKFRS 16.

2 SEGMENT INFORMATION (Continued)

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

	Hong Kong *HK$'000* (Unaudited) (Restated)	Mainland China *HK$'000* (Unaudited) (Restated)	Group *HK$'000* (Unaudited) (Restated)
Six months ended 30 September 2018			
Total segment revenue	3,609,494	652,770	4,262,264
Inter-segment revenue *(Note i)*	(1,651)	(62,087)	(63,738)
Revenue (from external revenue) *(Note ii)*	3,607,843	590,683	4,198,526
Represented by timing of revenue recognition:			
- At a point in time	3,579,384	590,683	4,170,067
- Over time	28,459	-	28,459
	3,607,843	590,683	4,198,526
Segment results* *(Note iii)*	378,401	78,678	457,079
Depreciation and amortisation (excluding depreciation of right-of-use assets − properties)	(158,548)	(25,050)	(183,598)
Finance income	5,639	2,196	7,835
Income tax expense	(38,787)	(12,971)	(51,758)

* See Note 1(a) for details regarding the impact of segment results upon the adoption of HKFRS 16.

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

(ii) The Group has a large number of customers. For the six months ended 30 September 2019 and 2018, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

2 SEGMENT INFORMATION (Continued)

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

(iii) The following items are included in the measure of segment results reviewed by the Chief Executive Officer of the Group:

	Hong Kong *HK$'000* **(Unaudited)**	**Mainland China** *HK$'000* **(Unaudited)**	**Group** *HK$'000* **(Unaudited)**
Six months ended 30 September 2019			
Depreciation expenses			
- right-of-use assets – properties	**(391,525)**	**(38,753)**	**(430,278)**
Finance cost of lease liabilities	**(45,245)**	**(11,380)**	**(56,625)**

	Hong Kong *HK$'000* (Unaudited) (Restated)	Mainland China *HK$'000* (Unaudited) (Restated)	Group *HK$'000* (Unaudited) (Restated)
Six months ended 30 September 2018			
Depreciation expenses			
- right-of-use assets – properties	(386,552)	(36,246)	(422,798)
Finance cost of lease liabilities	(45,483)	(11,933)	(57,416)

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

	Six months ended 30 September	
	2019 *HK$'000* **(Unaudited)**	2018 *HK$'000* (Unaudited) (Restated)
Segment results	**371,901**	457,079
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(184,951)**	(183,598)
Impairment loss of property, plant and equipment	**(8,199)**	-
Finance income	**9,304**	7,835
Profit before income tax	**188,055**	281,316

2 SEGMENT INFORMATION (Continued)

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

	Hong Kong *HK$'000* **(Unaudited)**	**Mainland China** *HK$'000* **(Unaudited)**	**Group** *HK$'000* **(Unaudited)**
As at 30 September 2019			
Segment assets	**5,554,130**	**930,699**	**6,484,829**
For the six months ended 30 September 2019			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**651,480**	**63,435**	**714,915**

	Hong Kong *HK$'000* (Restated)	Mainland China *HK$'000* (Restated)	Group *HK$'000* (Restated)
As at 31 March 2019			
Segment assets	5,793,309	959,390	6,752,699
For the six months ended 30 September 2018			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	915,061	189,867	1,104,928

As at 30 September 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$4,822,488,000 (As at 31 March 2019: HK$4,802,823,000) and HK$598,787,000 (As at 31 March 2019: HK$647,964,000) respectively.

2 SEGMENT INFORMATION (Continued)

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

	30 September 2019 *HK$'000* (Unaudited)	31 March 2019 *HK$'000* (Restated)
Total segment assets	**6,484,829**	6,752,699
Deferred income tax assets	**52,648**	56,729
Financial assets at fair value through other comprehensive income	**135,732**	154,102
Current income tax recoverable	**7,502**	1,017
Total assets	**6,680,711**	6,964,547

3 REVENUE

	Six months ended 30 September 2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
Sales of food and beverages	**4,222,369**	4,157,407
Rental income	**24,888**	24,851
Management and service fee income	**3,311**	3,608
Sundry income	**13,219**	12,660
	4,263,787	4,198,526

4 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 September 2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
Government subsidy	**715**	208
Dividend income from listed equity investments	**12,246**	11,736
Loss on disposal of property, plant and equipment	**(8,381)**	(2,765)
Impairment loss of property, plant and equipment	**(8,199)**	-
	(3,619)	9,179

5 EXPENSES BY NATURE

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Cost of raw materials and packing	**1,188,573**	1,154,037
Amortisation of intangible assets	**232**	304
Depreciation expenses		
- property, plant and equipment	**177,595**	176,158
- leasehold land and land use rights classified as right-of-use assets	**7,124**	7,136
- right-of-use assets - properties	**430,278**	422,798
Expenses relating to leases of		
- short-term leases	**10,280**	6,570
- variable lease payments not included in lease liabilities	**33,926**	39,247
Exchange gains, net	**(136)**	(3,473)
Employee benefit expense (excluding share-based compensation expenses)	**1,376,599**	1,328,391
Share-based compensation expenses	**13,027**	13,246
Auditor's remuneration	**2,100**	2,052
Electricity, water and gas	**204,044**	202,451
Advertising	**52,692**	52,757
Loss allowance on trade receivables	**555**	30
Sanitation	**62,939**	57,808
Repairs & maintenance	**51,338**	43,398
Other expenses	**413,626**	373,898
	4,024,792	3,876,808
Representing:		
Cost of sales	**3,764,914**	3,637,305
Administrative expenses	**259,878**	239,503
	4,024,792	3,876,808

6 FINANCE COST, NET

	Six months ended 30 September 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited) (Restated)
Finance income	**9,304**	7,835
Finance cost of lease liabilities	**(56,625)**	(57,416)
Finance cost, net	**(47,321)**	(49,581)

7 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until year 2035. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period ended 30 September 2019 (2018: 16.5%).

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 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited) (Restated)
Current income tax:		
– Hong Kong profits tax	**22,411**	34,946
– Overseas taxation	**10,211**	13,376
Deferred income tax relating to the origination and reversal of temporary differences	**6,748**	5,265
Over-provision in prior years	**(1,659)**	(1,829)
	37,711	51,758

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	
	2019	2018
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**149,741**	228,711
Weighted average number of ordinary shares in issue *('000)*	**580,055**	580,309
Basic earnings per share *(HK cents per share)*	**HK25.81 cents**	HK39.41 cents

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period (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	
	2019	2018
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**149,741**	228,711
Weighted average number of ordinary shares in issue *('000)*	**580,055**	580,309
Adjustment for Share Award Scheme *('000)*	**1,426**	1,006
	581,481	581,315
Diluted earnings per share *(HK cents per share)*	**HK25.75 cents**	HK39.34 cents

9 DIVIDEND

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend declared		
– Interim dividend, HK19 cents (2018: HK19 cents) per ordinary share	**111,284**	111,253

The interim dividend was declared on 26 November 2019. This condensed consolidated interim financial information does not reflect this dividend payable.

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Restated)
Trade receivables	**58,167**	72,051
Less: loss allowance	**(1,737)**	(1,182)
Trade receivables – net *(Note a)*	**56,430**	70,869
Other receivables *(Note b)*	**106,585**	94,217
	163,015	165,086
Prepayments and deposits	**53,187**	38,099
	216,202	203,185

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

(b) Other receivables mainly comprise value-added tax recoverable, other receivables from a security logistic company and certain bank structured deposit notes with PRC banks. As at 30 September 2019, the Group had RMB denominated bank structured deposit notes amounting to HK$32,916,000 (31 March 2019: HK$29,156,000), which are principal guaranteed, and with maturities of 3 months (31 March 2019: 3 months) at an effective interest rate ranging from 2.3% to 2.5% per annum. (31 March 2019: 2.7% to 2.8% per annum).

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

The ageing analysis of trade receivables is as follows:

	30 September 2019 *HK$'000* **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
0 – 30 days	**39,955**	49,724
31 – 60 days	**11,884**	11,201
61 – 90 days	**2,521**	5,581
91 – 365 days	**2,173**	4,320
Over 365 days	**1,634**	1,225
	58,167	72,051

11 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	30 September 2019 *HK$'000* **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
0 – 30 days	**221,283**	217,446
31 – 60 days	**9,693**	278
61 – 90 days	**382**	344
Over 90 days	**4,603**	1,642
	235,961	219,710

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK19 cents per share in respect of the six months ended 30 September 2019 (2018: HK19 cents) payable on 27 December 2019 to shareholders whose names appear on the Register of Members of the Company on 16 December 2019.

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 2019 (Monday) on which no transfer of shares will be registered. 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 13 December 2019 (Friday).

CORPORATE GOVERNANCE

The corporate governance principles and practices adopted by the Group during the six months ended 30 September 2019 were in line with the corporate governance statements set out in the Corporate Governance Report in the Company's Annual Report 2018/19. During the six months ended 30 September 2019, 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.

AUDIT COMMITTEE AND REVIEW OF INTERIM 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 unaudited interim results of the Group for the six months ended 30 September 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 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 1,686,126 shares of the Company at a total consideration of about HK$40.6 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, 26 November 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.