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 2020

HIGHLIGHTS

- **The Group's revenue for the year amounted to HK$7,963.1 million, a 6.2% decrease compared to the previous financial year. Profit attributable to shareholders declined 87.1% to HK$73.6 million. Performance across the Group's businesses further declined in the second half of the year with deficit recorded in the fourth quarter during the COVID-19 outbreak.**

- **To combat the challenges, our quick service restaurant business in Hong Kong took strong actions to control operating costs including manpower and rental expenses, and adapt its business strategies and operations whilst consumption behaviour shifted to accommodate social distancing trends.**

- **The casual dining business was severely hit by the much weakened demand. The division responded actively with manpower deployment, productivity enhancement and business consolidation.**

- **The Mainland China business achieved encouraging performance with strong network expansion until the COVID-19 outbreak. The Group is confident of its business growth when the market situation recovers.**

- **The Group would remain resilient to the fast changing operating environment and continue to apply stringent cost control measures to safeguard profit.**

- **In view of the operating results for the year and to preserve healthy cash flow, the Board does not recommend a final dividend for the year (FY2018/19: HK65 cents per share). An interim dividend of HK19 cents per share was paid during the year, representing a dividend payout ratio of 151.1% for the year.**

* *For identification purposes only*

CHAIRMAN'S MESSAGE

The year under review marked a particularly challenging time for Hong Kong's economy. A series of overlapping factors hit the market in rapid succession, leaving a deep impact on the performance of all sectors across the board.

A CHALLENGING YEAR

FY2019/20 began under the uncertainty of the Sino-US trade war, which dampened consumer confidence and caused them to become more cost-conscious. Hong Kong subsequently experienced a weak and unstable market for months, accompanied by some losses of operating days, which had a direct effect on revenue. Although the impact of these events was reflected in the interim results, the Group made strong efforts to protect margins by renegotiating rents and rationalising store networks. I must thank the management team for coming together under these difficult circumstances to rally together and face the challenges of the day.

However in January 2020, it became readily apparent that the coronavirus outbreak was on its way to becoming a global pandemic. Although travel restrictions and social distancing measures effectively flattened the curve of infections, they also seriously impacted several sectors of the economy – including the food and beverage industry.

The Group's quick service restaurant business was most impacted in terms of scale, and the casual dining business was hit particularly hard as demand evaporated – especially during the normally peak weekends and dinnertime hours – as consumers stayed in the safety of their homes. Institutional catering was also impacted, as suspension of visitors at hospitals decreased traffic in canteens. At the same time, months of school closures wiped out demand for the school lunch catering business, with a return to normal operations dependent on the resumption of classes in Hong Kong.

Our business in Mainland China delivered relatively stronger results until the COVID-19 outbreak, as the market was unaffected by the weak sentiment that impacted Hong Kong. Our operations developed strong momentum in good locations, and increased the number of stores during the year. Although the economy was not immune to the effects of the coronavirus lockdown, initially strict social distancing measures have paved the way for an orderly return to business in China, sustainably supported by domestic consumption.

EVOLVING FOR THE FUTURE

With the pandemic still raging around the world as I write this message, the outlook for the future remains under the control of external factors. Once the pandemic is under control, I believe Hong Kong – and the world as a whole – will need to adapt to a new business paradigm. The coronavirus outbreak will force a re-shuffle of the way we conduct and operate, as businesses around the globe adapt to the new market landscape.

Already, the Group is proactively reviewing lease agreements with landlords to optimise our cost structure for the future. With the Group's strong, 50-year reputation and our position as one of Hong Kong's leading listed catering groups, landlords have been quite willing to work with us as we seek new equilibrium in our rent structures. At the same time, we have been looking at the most effective methods to maximise labour efficiency. As a result, we are introducing advanced technology that will not only improve staff productivity, but also enhance the working environment and job satisfaction of our employees.

Another important piece to consider is the way we interact with customers across the Group. Part of our efforts are educational, such as helping customers adjust to the new dynamics of social interaction – from self-service ordering kiosks in stores to increased emphasis on online ordering and home delivery services.

At the same time, we are making internal adjustments to our operations by fine-tuning dishes and updating menus to optimise meals for delivery. Anticipating a shift from in-restaurant dining to a broader mix of in-store and delivery options, our focus on technology, efficiency and cost effectiveness will only intensify going forward.

I am extremely proud of the calm and insightful response of the Group's management team under extraordinary circumstances. They have faced a remarkably challenging year with courage, poise and conviction. Although external events are beyond anyone's control, I am confident the strength and capability of our management team will be the most important factors in returning to sustainable growth when prevailing health concerns have been addressed.

ACKNOWLEDGEMENTS

In closing, I must thank our Board of Directors, business partners, staff, investors and customers for their continued dedication, loyalty and support. I would also like to convey my special thanks to our employees working in institutional catering – your courageous efforts to keep our medical staff and patients fed during these challenging times provide direct support for Hong Kong's relief efforts.

Despite the dark clouds currently hovering over the global economy, I remain resolutely positive about the Group's long-term prospects. People will always need to eat!

The Group's focus on providing tasty, nutritious and high-value meals has embedded our business into the everyday lives of our customers. Looking forward, I believe we have the opportunity to adapt our business to the new market environment – taking leadership in providing safe environments for our customers to eat, as well as healthy, nutritious dishes and menus designed to boost the overall health of our diners.

As long as we remain open minded and market driven, I believe our business will continue to evolve and thrive with the people of Hong Kong – just as we have done for the past 50 years.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 15 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

The year under review was a period of unprecedented challenges in the external environment. The Group recorded a decline in revenue and a significant drop in profit attributable to shareholders for the year ended 31 March 2020.

Months of weak market sentiment in Hong Kong had a significant impact on revenue, which were reflected in a 34.5% decline in the Group's profit attributable to shareholders at the interim period. Although recovery was initially expected during the second half of the year, this market weakness continued into the third quarter. All business segments in Hong Kong – quick service restaurant (QSR), casual dining and institutional catering – as well as in Mainland China were even more severely impacted by the outbreak of the novel coronavirus disease ("COVID-19") since early 2020, causing the Group's profit to decline deeper to the extent that a deficit was recorded in the fourth quarter of the year.

In addition, the Group's results were also impacted by the fact that the Group adopted HKFRS 16 "Leases" retrospectively this financial year and recorded an impairment loss of right-of-use assets of HK$40.6 million. A fair value loss of investment properties of HK$42.4 million was recorded, as compared to a gain of HK$19.8 million for the prior reporting year. Under the influence of all the above-mentioned factors, the Group's profit attributable to shareholders dropped by 87.1% as compared to last year.

To address the situation at hand since the second quarter, the Group took proactive measures to tighten operational expenses including manpower and productivity management, as well as rental re-negotiation. The business actively protected margins as consumption patterns shifted in response to social distancing regulations by promoting takeaway concepts and offering home delivery services in partnership with third-party food delivery platforms.

The Group's Mainland operations delivered relatively strong performance until the COVID-19 outbreak, with network expansion accelerating accordingly. Although the Mainland government's strict COVID-19 response in January 2020 led to restriction of operations at most restaurants, social distancing measures are being gradually loosened as of March.

The resolution of current global health issues remains uncertain – as well as the government's response to the changing situation, which impacts consumer behaviour. Taking a prudent response, the Group is stringently managing working capital to ensure healthy cash flow and a strong cash position, which are vital to weathering the currently difficult operating environment. We will continue to closely monitor market conditions and focus on effective cost control and steering our business strategies so as to safeguard shareholders' investments and prepare for a solid return to sustainable growth.

RESULTS OVERVIEW

The Group has retrospectively adopted HKFRS 16 "Leases" with effect from 1 April 2019 and restated prior year 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 consolidated income statement. During the year, an impairment loss of right-of-use assets of HK$40.6 million was recorded. In addition, a fair value loss of investment properties of HK$42.4 million was recorded during the year, as compared to a fair value gain of HK$19.8 million for the prior reporting year. Also, a subsidy of HK$57.2 million (FY2018/19: nil) was granted this year by The Government of the Hong Kong Special Administrative Region ("HKSAR Government") under the Anti-Epidemic Fund.

Revenue

For the year ended 31 March 2020, the Group's revenue decreased by 6.2% to HK$7,963.1 million (FY2018/19: HK$8,493.9 million). Revenue by business division is set out below:

	FY2019/20	FY2018/19	**Change**
	HK$'m	*HK$'m*	*%*
Hong Kong			
QSR and Institutional Catering	**5,938.8**	6,264.4	**(5.2)**
Casual Dining	**779.2**	905.8	**(14.0)**
Others*	**155.1**	171.8	**(9.7)**
Subtotal	**6,873.1**	7,342.0	**(6.4)**
Mainland China	**1,090.0**	1,151.9	**(5.4)**
Group	**7,963.1**	8,493.9	**(6.2)**

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

Gross Profit Margin

Gross profit margin decreased to 9.2% (FY2018/19: 14.4%). Although stringent cost control measures had been implemented, the reduction of cost of sales was insufficient to outweigh the negative impact from decline in revenue as a result of the COVID-19 outbreak.

Administrative Expenses

Administrative expenses increased by 8.1% to HK$481.4 million (FY2018/19: HK$445.5 million), mainly due to increase of share based compensation expenses to HK$23.8 million (FY2018/19: a gain of HK$1.2 million) as no performance shares awarded had been vested due to non-attainment of vesting targets in the prior reporting year.

Key Costs

The breakdown of major expenses is set out below:

	For the year ended 31 March			
	2020		2019	
	HK$'m	***% of revenue***	*HK$'m (Restated)*	*% of revenue*
Cost of raw materials and packing	**2,258.2**	**28.4**	2,334.8	27.5
Staff cost	**2,696.4**	**33.9**	2,667.4	31.4
Rental costs*	**1,045.0**	**13.1**	1,049.4	12.4

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

Other Income and Other (Losses) / Gains, Net

Other losses increased by HK$58.2 million, mainly due to a fair value loss of investment properties of HK$42.4 million (FY2018/19: a gain of HK$19.8 million), impairment loss of right-of-use assets of HK$40.6 million (FY2018/19: nil) and an increase of government subsidies to HK$60.3 million (FY2018/19: HK$1 million). A subsidy of HK$57.2 million (FY2018/19: nil) was granted this year by HKSAR Government under the Anti-Epidemic Fund.

Income Tax Expense

Income tax expense decreased by 68.9% to HK$39.9 million (FY2018/19: HK$128.5 million).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders decreased 87.1% to HK$73.6 million (FY2018/19: HK$569.9 million), primarily due to decline in revenue arising from poor market conditions in Hong Kong and the outbreak of COVID-19 in the fourth quarter.

Segment Results

Hong Kong segment results decreased 43.2% to HK$491.5 million (FY2018/19: HK$866.0 million), mainly due to decline in revenue as a result of weak market sentiment and the outbreak of COVID-19. Mainland China results decreased 51.3% to HK$77.3 million (FY2018/19: HK$158.9 million), mainly due to the outbreak of COVID-19 and RMB depreciation.

Basic Earnings Per Share

The Group's basic earnings per share decreased 86.7% to HK$0.13 (FY2018/19: HK$0.98).

Dividend

Considering the operating results for the year and to ensure healthy cash flow, the Board does not recommend a final dividend for the year (FY2018/19: HK65 cents per share). An interim dividend of HK19 cents per share was paid during the year, representing a dividend payout ratio of 151.1% for the year.

BUSINESS ANALYSIS

QSR and Institutional Catering

The Group's QSR and institutional catering businesses faced a tough year, with dual impact from weak market sentiment in Hong Kong as well as the disruption brought by the COVID-19 outbreak. As a result, revenue decreased by 5.2% to HK$5,938.8 million (FY2018/19: HK$6,264.4 million). The Group's QSR and institutional catering business contributed 74.6% of the Group's total revenue for FY2019/20, and had a total of 294 outlets as at 31 March 2020 (31 March 2019: 298).

During the year under review the QSR businesses experienced negative same store sales growth of 6% and 7%, respectively, at **Café de Coral** fast food and **Super Super Congee & Noodles**. Performance during the first half of the financial year was impacted by weak market sentiment in Hong Kong, marked by slower traffic and demand. Taking action to protect revenue and market share, the business adjusted its marketing focus from signature dish campaigns featuring sizzling plates to more value-oriented early-bird hotpot and dinner offers, as well as ad hoc lunch and tea specials.

Since the second quarter, the QSR business has tightened operational expenses by proactively managing manpower, productivity and rental re-negotiation. Nevertheless, the weak market sentiment continued into the second half of the year, further dampening demand. The outbreak of COVID-19 in the fourth quarter created additional significant impact on revenue as government-mandated social distancing measures further weakened consumer demand.

In addition to the strong actions on cost control measures for rent, manpower and other operating expenses put in place since the second quarter, the business adapted as consumption patterns changed in response to social distancing regulations by actively promoting takeaway concepts including value-oriented family dinner meal sets and express takeaway service for selected menu items. Home delivery services are also being offered in partnership with third-party food delivery platforms.

At the same time, the business is accelerating implementation of consumer-side technology – such as mobile ordering apps and online platforms for our Club 100 members – as well as operations-side improvements such as ordering kiosks, Kitchen Video System and QR codes to drive sales and productivity.

Café de Coral fast food opened 7 new outlets, and operated a network of 162 shops at year end (31 March 2019: 162). The **Super Super Congee & Noodles** brand opened 6 new shops, ending the financial year with 45 stores (31 March 2019: 49). Although active network expansion has been postponed during the second half of the year, the Group remains open to considering promising locations at good terms, and will explore attractive opportunities as they arise.

Asia Pacific Catering and **Luncheon Star**, the Group's institutional catering brands, faced major challenges during the year. Although **Asia Pacific Catering** gained 7 new operating units and ended the year with 87 operating units (31 March 2019: 87), the closure of universities and the Institutes of Vocational Education (IVE) from mid-November 2019 to January 2020, and from Chinese New Year onwards due to COVID-19 had a major impact on revenue. Traffic at hospital outlets was reduced as visitors were barred from hospitals as part of social distancing measures to prevent the spread of disease. **Luncheon Star** also lost revenue as all schools in Hong Kong were suspended after Chinese New Year. The Group is exploring new opportunities for these businesses under the current environment, and remains confident in their future prospects once the COVID-19 epidemic is under control.

Casual Dining

Overall revenue from the casual dining business decreased by 14.0% during the year to HK$779.2 million (FY2018/19: HK$905.8 million). The division operated 62 shops at the end of the year (31 March 2019: 60).

Facing weak market conditions compounded by the COVID-19 outbreak, the casual dining business took an array of actions to adapt to the challenging business landscape – including flexible operating hours, temporary store closures, rental re-negotiations, productivity tracking and manpower redeployment, as well as consolidation of underperforming brands and shops.

Appealing to price-sensitive consumers, the business offered special value meal sets and promotional offers for both dine-in and takeaway orders, as well as free online delivery service through third-party food delivery platforms and VIP incentive programmes.

The Group's Chinese cuisine brands, **Shanghai Lao Lao** and **Mixian Sense**, opened 2 and 4 outlets, respectively, during the year – ending the year with 13 and 20 shops, respectively (31 March 2019: 12 and 17, respectively). With a better understanding of the brand characteristics and operating model, **Shanghai Lao Lao** continued to focus on offering authentic seasonal dishes and menus. **Mixian Sense** refreshed its positioning to become more of a fast-casual restaurant featuring reasonable prices, attractive menus and reliable quality.

The Spaghetti House and **Oliver's Super Sandwiches**, the Group's non-Chinese cuisine brands, opened 3 and 4 new outlets, respectively, during the year – and operated 8 and 16 shops, respectively, at year end (31 March 2019: 7 and 13, respectively). **The Spaghetti House** continued efforts to build its brand as a preferred "family restaurant", while **Oliver's Super Sandwiches** revamped branding programme yielded sales growth in signature products in all key categories.

The year under review represented a period of consolidation for the casual dining business. Seeking to maximise efficiency, a consultant was engaged to explore opportunities for productivity enhancement in workflow and manpower resources deployment.

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

Mainland China

Revenue from Mainland China decreased by 5.4% to HK$1,090.0 million (FY2018/19: HK$1,151.9 million), in spite of a 4% decrease in Renminbi against Hong Kong dollars as compared to last year.

The Southern China fast food business delivered strong performance despite high inflation in food costs until the outbreak of COVID-19 in January 2020. The business recorded a 1.5% decrease in revenue to RMB921.3 million, with negative same store sales growth of 5%.

Up to December 2019, the division's key business strategies proved successful and were delivering encouraging results with sales growth across all stores and good profitability thanks to successful product campaigns, Online-to-Offline delivery and increased pace of new store openings. A successful sizzling plate product campaign drove incremental sales and transaction volumes, while a company-wide "Building on Quality" programme successfully enhanced total quality management and culture, driving overall sales growth and customer loyalty.

However with the COVID-19 outbreak, most restaurants' services were restricted in February and March 2020 in line with government policies – causing a significant drop in sales revenue for the industry as a whole. It is expected that the market will require some time to recover to normal levels once the pandemic is under control, although consumer sentiment and future behaviour may be significantly altered by social distancing measures.

At the end of the financial year, the Group operated 114 stores in Mainland China (31 March 2019: 107). With strong confidence in the market and the potential for business growth, the Group opened 14 new shops during the year, though our network expansion plans were interrupted by the COVID-19 outbreak in January 2020. New store openings will be resumed at a cautious pace during the first half of the new financial year, aiming to return to rapid growth as the market situation improves.

FROM BUSINESS CONTINUITY TO BUSINESS EVOLUTION

In battling COVID-19, the Group has identified two distinct goals: safeguarding lives vs. safeguarding livelihoods. Each goal cannot exist without the other – which underscores the need for a balanced, compassionate and rational response to the current situation. Applying this philosophy to our business, we are actively pursuing a two-pronged development strategy that addresses both lives and livelihoods in the post-pandemic world.

Refining our Brand

By successfully adapting to the new market environment, the Group has an opportunity to demonstrate its leadership in both the industry and the community.

Taking solid steps to protect the lives of our staff and customers, the Group has introduced changes to our operating procedures and restaurant facilities. In addition to heightened emphasis on cleanliness, lower-density seating environments, safety shields between tables and temperature screening checks have been put in place across shops. The Group is also exploring new opportunities in health – looking beyond hygiene and safety in food preparation, transportation and delivery to include a broader range of considerations including the nutritional benefits of our dishes and menus.

The Group is also safeguarding livelihoods by aggressively adapting our business to meet the new demands of the market environment. Adapting to changing consumer preferences, we are applying advanced technology such as mobile and online ordering for maximum customer convenience with minimum contact risk. For customers wishing to avoid crowds, the Group is introducing express takeaway counters for online orders, which will eliminate the need to wait in line in the store. Other new technologies are also being explored to fine-tune business models optimised for the future operating environment.

Long term, we believe this dedication to protecting our customers, staff, investors and business partners will enhance the Group's hard-earned reputation as a responsible corporate citizen and a pillar of everyday life in Hong Kong that has grown with the community, through good times and bad, for more than 50 years.

Assessing our Network

As of 31 March 2020, the Group had a network of 356 stores in Hong Kong and 114 stores in Mainland China.

During this challenging time, the Group is working closely with landlords to restructure leases while striving for rental concessions. Although a cautious approach is prudent, the current depressed market environment should present opportunities to occupy attractive locations at favourable rental agreements – and the Group will explore any premium locations that become available.

In the Mainland China market, the Group anticipates an orderly return to strong network growth once the pandemic is under control. It is currently adopting a cautious attitude as the situation continues to evolve, and will return to expansion mode as the operating environment stabilises.

Securing our Supply Chain

Prior to the virus outbreak, the year under review was already themed as "Building on Quality" – underlining our commitment and continuous efforts to uphold food quality and safety.

With a strong and robust supply chain proving critical under the current environment, the focus of the Group's global sourcing and direct procurement strategy is to minimise any potential disruption to the business. This advance planning allowed the Group to take immediate action to ensure stable supply when the pandemic struck.

Maximising Manpower

Recognising that our people are the driving force behind our business, the Group has placed high emphasis on redeploying manpower during times of shifting demand, and training staff to take full advantage of new technology to improve productivity, efficiency and staff satisfaction.

We have also introduced new measures to protect the health and safety of our frontline staff, and the management team would like to convey its thanks to the Group's front line staff for their courage and dedication in serving Hong Kong's community during these challenging times.

FINANCIAL REVIEW

Financial Position

During the year under review, the Group's financial position remained healthy. As of 31 March 2020, the Group recorded net cash of approximately HK$345 million, with HK$786 million in available unutilised banking facilities. The Group's current ratio as of the same date was 0.5 (31 March 2019: 0.8), and the cash ratio was 0.2 (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).

The Group's return on equity for FY2019/20 was 3% (FY2018/19: 18%), and return on assets was 1% (FY2018/19: 8%).

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure (excluding right-of-use assets) was HK$487 million (FY2018/19: HK$290 million). As at 31 March 2020, the Group's outstanding capital commitments were HK$449 million (31 March 2019: HK$580 million).

Contingent Liabilities

As of 31 March 2020, 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 31 March 2020 (31 March 2019: 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

Although the outlook remains uncertain at the moment, and the challenges of the COVID-19 situation are still continuing, the Group maintains a cautious approach and is focused on refining its business strategies and adapting its operations to thrive and evolve in this rapidly changing environment.

It is becoming apparent that social distancing measures will affect consumption behaviour and patterns – which will in turn modify our revenue base. Anticipating a new business paradigm in the post-COVID-19 world, the Group is actively seeking new levels of equilibrium for operations and customers to best adapt. At the same time, we will continue to exercise tight cost controls on labour and rent, including lease restructuring.

Moving swiftly to address fast-changing consumer behaviour, the Group has been taking proactive efforts to capitalise on new trends including online and mobile ordering, and placed increased emphasis on takeaway and delivery options in line with market demand. The active deployment of new technology will drive innovation and development in both ordering and fulfilment, thereby improving productivity and efficiency for the longer term.

Leveraging over 50 years of experience, the Group is confident in its ability to weather the current hardships that we are facing – and to grow and evolve with the community for many decades to come.

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 2020, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020** ***HK$'000***	2019 *HK$'000* *(Note 3.3)* *(Restated)*
Revenue	*6*	**7,963,097**	8,493,883
Cost of sales	*8*	**(7,232,445)**	(7,266,605)
Gross profit		**730,652**	1,227,278
Other income and other (losses)/gains, net	*7*	**(40,540)**	17,687
Administrative expenses	*8*	**(481,414)**	(445,453)
Operating profit		**208,698**	799,512
Finance costs, net	*9*	**(94,440)**	(99,386)
Profit before income tax		**114,258**	700,126
Income tax expense	*10*	**(39,872)**	(128,456)
Profit for the year		**74,386**	571,670
Profit attributable to:			
Equity holders of the Company		**73,634**	569,907
Non-controlling interests		**752**	1,763
		74,386	571,670
Dividends	*12*	**111,284**	491,856
Earnings per share for profit attributable to the equity holders of the Company			
Basic	*11(a)*	**HK$0.13**	HK$0.98
Diluted	*11(b)*	**HK$0.13**	HK$0.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	HK$'000	*HK$'000*
		(Note 3.3)
		(Restated)
Profit for the year	**74,386**	571,670
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**(25,293)**	(41,936)
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit liabilities and provision for long service payments	**(2,775)**	(12,393)
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	**(53,069)**	6,124
Total comprehensive (loss)/income for the year	**(6,751)**	523,465
Total comprehensive (loss)/income for the year attributable to:		
– Equity holders of the Company	**(7,503)**	521,702
– Non-controlling interests	**752**	1,763
	(6,751)	523,465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	**As at 31 March 2020** **HK$'000**	As at 31 March 2019 *HK$'000* *(Note 3.3)* *(Restated)*	As at 1 April 2018 *HK$'000* *(Note 3.3)* *(Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment		**1,608,831**	1,532,256	1,619,170
Investment properties		**585,600**	628,000	663,300
Right-of-use assets		**2,705,239**	2,980,808	3,109,016
Intangible assets		**1,421**	1,852	4,051
Deferred income tax assets		**66,294**	56,729	72,457
Financial assets at fair value through other comprehensive income		**101,033**	154,102	147,978
Non-current prepayments and deposits		**277,820**	307,871	295,657
		5,346,238	5,661,618	5,911,629
Current assets				
Inventories		**260,626**	241,325	234,362
Trade and other receivables	*13*	**166,518**	165,086	191,466
Prepayments and deposits	*13*	**60,920**	38,099	35,561
Current income tax recoverable		**39,743**	1,017	3,383
Bank deposits with maturity over three months		**1,641**	21,865	22,778
Cash and cash equivalents		**345,072**	835,537	801,240
		874,520	1,302,929	1,288,790
Total assets		**6,220,758**	6,964,547	7,200,419
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		**58,570**	58,554	58,554
Share premium		**621,122**	616,811	616,811
Shares held for share award scheme		**(146,021)**	(133,020)	(145,053)
Other reserves		**468,520**	542,070	601,812
Retained earnings				
– Proposed dividends		**-**	380,603	573,832
– Others		**1,664,542**	1,709,616	1,638,225
		2,666,733	3,174,634	3,344,181
Non-controlling interests		**4,579**	5,220	2,839
Total equity		**2,671,312**	3,179,854	3,347,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
AS AT 31 MARCH 2020

	Note	As at 31 March 2020 HK$'000	As at 31 March 2019 HK$'000 (Note 3.3) (Restated)	As at 1 April 2018 HK$'000 (Note 3.3) (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		**29,410**	27,659	30,957
Provision for long service payments		**48,778**	45,258	34,990
Retirement benefit liabilities		**10,346**	13,459	18,747
Lease liabilities		**1,845,279**	2,017,541	2,052,769
		1,933,813	2,103,917	2,137,463
Current liabilities				
Trade payables	*14*	**172,161**	219,710	207,478
Other creditors and accrued liabilities		**675,200**	648,178	632,876
Current income tax liabilities		**13,487**	39,300	41,129
Lease liabilities		**754,785**	773,588	834,453
		1,615,633	1,680,776	1,715,936
Total liabilities		**3,549,446**	3,784,693	3,853,399
Total equity and liabilities		**6,220,758**	6,964,547	7,200,419
Net current liabilities		**(741,113)**	(377,847)	(427,146)
Total assets less current liabilities		**4,605,125**	5,283,771	5,484,483

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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

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, and have been approved for issue by the Board of Directors on 15 June 2020.

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 ("FVOCI"), 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.

During the year ended 31 March 2020, the Group reported profit of HK$74,386,000 (2019: HK$571,670,000) and had operating cash inflows of HK$1,417,017,000 (2019: HK$1,893,277,000). As at 31 March 2020, the Group's current liabilities exceeded its current assets by HK$741,113,000 (2019: HK$377,847,000). As at the same date, the Group had cash and cash equivalents of HK$345,072,000 (2019: HK$835,537,000) and had no borrowings (2019: Nil). The net current liabilities mainly resulted from the recognition of the current lease liabilities of HK$754,785,000 upon the adoption of HKFRS 16 "Leases" (See Note 3.3).

The current liabilities of the Group will be settled in the coming twelve months in accordance with their payment terms. In particular, the aforementioned current lease liabilities of HK$754,785,000, representing the aggregated lease obligations for the coming twelve months will be settled on a monthly basis. Management is of the view that these current liabilities will be satisfied by the operating cash inflows in the coming twelve months.

As of 31 March 2020, the Group had available unutilised banking facilities of HK$785,538,000 (see Note 4.1(e)). In June 2020, in order to further maintain flexibility in future funding, the Group has obtained additional bank loan facilities, primarily long-term loans, of approximately HK$1,180,000,000.

2 BASIS OF PREPARATION (Continued)

The directors of the Company have reviewed the Group's cash flows projections, which cover a period of twelve months from 1 April 2020. The directors are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations, the possible changes in its operating performance and the 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 31 March 2020. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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 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 in Note 3.3 "Changes in accounting policies", 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.

3 ACCOUNTING POLICIES (Continued)

3.2 New and amended standards and conceptual framework not yet adopted

The following new and amended standards and conceptual framework have been issued but are not effective for the financial year beginning 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 HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting	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 Hong Kong Institute of Certified Public Accountants

The Group has commenced an assessment of the impact of these new and amended standards and conceptual framework, but is yet in a position to state whether they would have significant impacts on its results of operations and financial position.

3.3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements.

The Group adopted HKFRS 16 "Leases" from 1 April 2019 retrospectively and restated prior periods comparatives. The tables below show the adjustments recognised for each individual line item as at 1 April 2018, 31 March 2019 and 31 March 2020.

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

Consolidated statement of financial position	As at 31 March 2020 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**As at 31 March 2020 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						
Leasehold land and land use rights	71,159	(71,159)	**-**	75,231	(75,231)	-
Property, plant and equipment	1,987,983	(379,152)	**1,608,831**	1,922,710	(390,454)	1,532,256
Investment properties	585,600	-	**585,600**	628,000	-	628,000
Right-of-use assets	-	2,705,239	**2,705,239**	-	2,980,808	2,980,808
Intangible assets	1,421	-	**1,421**	1,852	-	1,852
Deferred income tax assets	16,006	50,288	**66,294**	12,681	44,048	56,729
Financial assets at fair value through other comprehensive income	101,033	-	**101,033**	154,102	-	154,102
Non-current prepayments and deposits	277,820	-	**277,820**	307,871	-	307,871
	3,041,022	2,305,216	**5,346,238**	3,102,447	2,559,171	5,661,618
Current assets						
Inventories	260,626	-	**260,626**	241,325	-	241,325
Trade and other receivables	166,518	-	**166,518**	165,086	-	165,086
Prepayments and deposits	146,875	(85,955)	**60,920**	126,813	(88,714)	38,099
Current income tax recoverable	39,743	-	**39,743**	1,017	-	1,017
Bank deposits with maturity over three months	1,641	-	**1,641**	21,865	-	21,865
Cash and cash equivalents	345,072	-	**345,072**	835,537	-	835,537
	960,475	(85,955)	**874,520**	1,391,643	(88,714)	1,302,929
Total assets	4,001,497	2,219,261	**6,220,758**	4,494,090	2,470,457	6,964,547

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

Consolidated statement of financial position	As at 31 March 2020 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**As at 31 March 2020 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	(146,021)	-	**(146,021)**	(133,020)	-	(133,020)
Other reserves	458,973	9,547	**468,520**	537,776	4,294	542,070
Retained earnings	1,930,568	(266,026)	**1,664,542**	2,335,367	(245,148)	2,090,219
	2,923,212	(256,479)	**2,666,733**	3,415,488	(240,854)	3,174,634
Non-controlling interests	5,673	(1,094)	**4,579**	6,262	(1,042)	5,220
Total equity	2,928,885	(257,573)	**2,671,312**	3,421,750	(241,896)	3,179,854
LIABILITIES						
Non-current liabilities						
Deferred income tax liabilities	31,230	(1,820)	**29,410**	29,479	(1,820)	27,659
Provision for long service payments	48,778	-	**48,778**	45,258	-	45,258
Retirement benefit liabilities	10,346	-	**10,346**	13,459	-	13,459
Lease liabilities	-	1,845,279	**1,845,279**	-	2,017,541	2,017,541
	90,354	1,843,459	**1,933,813**	88,196	2,015,721	2,103,917
Current liabilities						
Trade payables	172,161	-	**172,161**	219,710	-	219,710
Other creditors and accrued liabilities	796,610	(121,410)	**675,200**	725,134	(76,956)	648,178
Current income tax liabilities	13,487	-	**13,487**	39,300	-	39,300
Lease liabilities	-	754,785	**754,785**	-	773,588	773,588
	982,258	633,375	**1,615,633**	984,144	696,632	1,680,776
Total liabilities	1,072,612	2,476,834	**3,549,446**	1,072,340	2,712,353	3,784,693
Total equity and liabilities	4,001,497	2,219,261	**6,220,758**	4,494,090	2,470,457	6,964,547
Net current liabilities	(21,783)	(719,330)	**(741,113)**	407,499	(785,346)	(377,847)
Total assets less current liabilities	3,019,239	1,585,886	**4,605,125**	3,509,946	1,773,825	5,283,771

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

Consolidated statement of financial position	As at 1 April 2018 As previously reported *HK$'000*	Effects of adoption HKFRS 16 *HK$'000*	As at 1 April 2018 As restated *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights	79,485	(79,485)	-
Property, plant and equipment	2,020,925	(401,755)	1,619,170
Investment properties	663,300	-	663,300
Right-of-use assets	-	3,109,016	3,109,016
Intangible assets	4,051	-	4,051
Deferred income tax assets	30,506	41,951	72,457
Financial assets at fair value through other comprehensive income	147,978	-	147,978
Non-current prepayments and deposits	295,657	-	295,657
	3,241,902	2,669,727	5,911,629
Current assets			
Inventories	234,362	-	234,362
Trade and other receivables	191,466	-	191,466
Prepayments and deposits	121,198	(85,637)	35,561
Current income tax recoverable	3,383	-	3,383
Bank deposits with maturity over three months	22,778	-	22,778
Cash and cash equivalents	801,240	-	801,240
	1,374,427	(85,637)	1,288,790
Total assets	4,616,329	2,584,090	7,200,419

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

Consolidated statement of financial position	As at 1 April 2018 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	As at 1 April 2018 As restated *HK$'000*
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	(145,053)	-	(145,053)
Other reserves	602,542	(730)	601,812
Retained earnings	2,436,827	(224,770)	2,212,057
	3,569,681	(225,500)	3,344,181
Non-controlling interests	3,819	(980)	2,839
Total equity	3,573,500	(226,480)	3,347,020
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	33,520	(2,563)	30,957
Provision for long service payments	34,990	-	34,990
Retirement benefit liabilities	18,747	-	18,747
Lease liabilities	-	2,052,769	2,052,769
	87,257	2,050,206	2,137,463
Current liabilities			
Trade payables	207,478	-	207,478
Other creditors and accrued liabilities	706,965	(74,089)	632,876
Current income tax liabilities	41,129	-	41,129
Lease liabilities	-	834,453	834,453
	955,572	760,364	1,715,936
Total liabilities	1,042,829	2,810,570	3,853,399
Total equity and liabilities	4,616,329	2,584,090	7,200,419
Net current liabilities	418,855	(846,001)	(427,146)
Total assets less current liabilities	3,660,757	1,823,726	5,484,483

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

	For the year ended 31 March					
Consolidated income statement	2020 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**2020 As presented** ***HK$'000***	2019 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	2019 As restated *HK$'000*
Revenue	7,963,097	-	**7,963,097**	8,493,883	-	8,493,883
Cost of sales	(7,312,333)	79,888	**(7,232,445)**	(7,356,665)	90,060	(7,266,605)
Gross profit	650,764	79,888	**730,652**	1,137,218	90,060	1,227,278
Other income and other (losses)/ gains, net	(44,020)	3,480	**(40,540)**	17,687	-	17,687
Administrative expenses	(481,414)	-	**(481,414)**	(447,788)	2,335	(445,453)
Operating profit	125,330	83,368	**208,698**	707,117	92,395	799,512
Finance income/(costs), net	16,098	(110,538)	**(94,440)**	14,803	(114,189)	(99,386)
Profit before income tax	141,428	(27,170)	**114,258**	721,920	(21,794)	700,126
Income tax expense	(46,112)	6,240	**(39,872)**	(129,810)	1,354	(128,456)
Profit for the year	95,316	(20,930)	**74,386**	592,110	(20,440)	571,670
Profit attributable to:						
Equity holders of the Company	94,512	(20,878)	**73,634**	590,285	(20,378)	569,907
Non-controlling interests	804	(52)	**752**	1,825	(62)	1,763
Earnings per share for profit attributable to the equity holders of the Company						
Basic	HK$0.16	(HK$0.03)	**HK$0.13**	HK$1.02	(HK$0.04)	HK$0.98
Diluted	HK$0.16	(HK$0.03)	**HK$0.13**	HK$1.01	(HK$0.03)	HK$0.98

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

	For the year ended 31 March					
Consolidated statement of comprehensive income	2020 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**2020 As presented** ***HK$'000***	2019 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	2019 As restated *HK$'000*
Profit for the year	95,316	(20,930)	**74,386**	592,110	(20,440)	571,670
Other comprehensive (loss)/income	(86,390)	5,253	**(81,137)**	(53,229)	5,024	(48,205)
Total comprehensive (loss)/income for the year	8,926	(15,677)	**(6,751)**	538,881	(15,416)	523,465
Total comprehensive (loss)/income for the year attributable to:						
Equity holders of the Company	8,122	(15,625)	**(7,503)**	537,056	(15,354)	521,702
Non-controlling interests	804	(52)	**752**	1,825	(62)	1,763

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

Consolidated statement of cash flows (Extract)	For the year ended 31 March					
	2020 Before adoption of HKFRS 16 *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	**2020 As presented *HK$'000***	2019 As previously reported *HK$'000*	Effects of adoption of HKFRS 16 *HK$'000*	2019 As restated *HK$'000*
Cash generated from operations	593,750	935,542	**1,529,292**	1,067,722	941,162	2,008,884
Net cash generated from operating activities	481,475	935,542	**1,417,017**	952,115	941,162	1,893,277
Payment of lease liabilities	-	(935,542)	**(935,542)**	-	(941,162)	(941,162)
Net cash used in financing activities	(525,636)	(935,542)	**(1,461,178)**	(690,622)	(941,162)	(1,631,784)

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.

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" below. The right-of-use assets were recognised in the 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 consolidated income statement as highlighted above are restated.

Cash payments for the settlement of lease liabilities for the year ended 31 March 2019 of HK$941,162,000 were required to be reclassified from operating activities to financing activities according to HKFRS 16 in the restated consolidated statement of cash flows. The Group's total net cash flow is unaffected.

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

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

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 changes on investment properties, depreciation, amortisation; and impairment losses of property, plant and equipment and right-of-use assets 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$27,170,000 and HK$21,794,000 for the years ended 31 March 2020 and 2019 respectively.

The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adoption the new leasing standard.

(b) HKFRS 16 "Leases" – Accounting policies

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

3 ACCOUNTING POLICIES (Continued)

3.3 Changes in accounting policies (Continued)

(b) HKFRS 16 “Leases” – Accounting policies (Continued)

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.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to 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.

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.

Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

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 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 FVOCI. 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 2020, if the price of the listed equity securities (financial assets at FVOCI) has increased/decreased by 10% with all other variables being held constant, the Group's FVOCI investment reserve would have increased/decreased by HK$10,103,000 (2019: HK$15,410,000).

(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 2020.

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 2020.

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 2020 or 31 March 2019 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 2020 and 31 March 2019. In respect of trade receivables, the loss allowance as at 31 March 2020 and 31 March 2019 was determined as follows:

31 March 2020	**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	**23,754**	**7,070**	**9,272**	**10,084**	**877**	**51,057**
Loss allowance	**-**	**-**	**-**	**-**	**(875)**	**(875)**

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)

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 2020 and 31 March 2019.

(e) Liquidity risk

Prudent liquidity risk management implies, after considering the expected market conditions and the global health issues, 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. As at 31 March 2020, the Group had total banking facilities amounting to HK$945,000,000 (2019: HK$915,000,000) of which HK$159,462,000 were utilised (2019: HK$133,353,000). As at 31 March 2020, the Group had available unutilised banking facilities of HK$785,538,000 (2019: HK$781,647,000). In June 2020, in order to further maintain flexibility in future funding, the Group had obtained additional bank loan facilities, primarily long-term loans, of approximately HK$1,180,000,000.

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.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

	On demand HK$'000	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 March 2020						
Trade payables	172,161	-	-	-	-	172,161
Other payables and accrued liabilities (excluding non-financial liabilities)	492,586	-	-	-	-	492,586
Lease liabilities	-	839,579	699,664	1,172,609	103,320	2,815,172
	664,747	839,579	699,664	1,172,609	103,320	3,479,919

	On demand HK$'000	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 March 2019						
Trade payables	219,710	-	-	-	-	219,710
Other payables and accrued liabilities (excluding non-financial liabilities)	492,114	-	-	-	-	492,114
Lease liabilities	-	864,386	688,608	1,213,251	255,873	3,022,118
	711,824	864,386	688,608	1,213,251	255,873	3,733,942

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 2019 and 31 March 2020.

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 2020:

	Level 1	**Total**
	HK$'000	***HK$'000***
Assets		
Financial assets at fair value through other comprehensive income		
– Listed equity investments	**101,033**	**101,033**

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

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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

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 changes on investment properties, depreciation and amortisation and impairment loss of property, plant and equipment and right of use assets less related depreciation of right-of-use assets – properties; and finance cost of lease liabilities.

5 SEGMENT INFORMATION (Continued)

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

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
Year ended 31 March 2020			
Total segment revenue	**6,877,088**	**1,202,574**	**8,079,662**
Inter-segment revenue *(Note i)*	**(3,959)**	**(112,606)**	**(116,565)**
Revenue (from external revenue) *(Note ii)*	**6,873,129**	**1,089,968**	**7,963,097**
Represented by timing of revenue recognition:			
- At a point in time	**6,819,214**	**1,089,968**	**7,909,182**
- Over time	**53,915**	**-**	**53,915**
	6,873,129	**1,089,968**	**7,963,097**
Segment results* *(Note iii)*	**491,525**	**77,304**	**568,829**
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(316,686)**	**(55,749)**	**(372,435)**
Fair value loss on investment properties	**(42,400)**	**-**	**(42,400)**
Impairment loss of property, plant and equipment	**(12,069)**	**(3,185)**	**(15,254)**
Impairment loss of right-of-use assets	**(25,180)**	**(15,400)**	**(40,580)**
Finance income	**13,912**	**2,186**	**16,098**
Income tax expense	**(24,712)**	**(15,160)**	**(39,872)**

	Hong Kong *HK$'000* *(Restated)*	Mainland China *HK$'000* *(Restated)*	Group *HK$'000* *(Restated)*
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
Represented by timing of revenue recognition:			
- At a point in time	7,284,096	1,151,929	8,436,025
- Over time	57,858	-	57,858
	7,341,954	1,151,929	8,493,883
Segment results* *(Note iii)*	866,052	158,876	1,024,928
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	(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	(104,107)	(24,349)	(128,456)

* See Note 3(a) for details regarding the impact of segment results upon the adoption of HKFRS 16.

5 SEGMENT INFORMATION (Continued)

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

(ii) The Group has a large number of customers. For the year ended 31 March 2020 and 2019, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue.

(iii) Information of segment results

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

	Hong Kong HK$'000	Mainland China HK$'000	Group HK$'000
Year ended 31 March 2020			
Depreciation – right-of-use assets – properties	**781,012**	**80,770**	**861,782**
Finance costs of lease liabilities	**87,795**	**22,743**	**110,538**

	Hong Kong HK$'000	Mainland China HK$'000	Group HK$'000
Year ended 31 March 2019			
Depreciation – right-of-use assets – properties	771,195	77,362	848,557
Finance costs of lease liabilities	89,462	24,727	114,189

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

	2020 ***HK$'000***	2019 *HK$'000* *(Restated)*
Segment results	**568,829**	1,024,928
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(372,435)**	(355,876)
Fair value (loss)/gain on investment properties	**(42,400)**	19,800
Impairment loss of property, plant and equipment	**(15,254)**	(3,529)
Impairment loss of right-of-use assets	**(40,580)**	-
Finance income	**16,098**	14,803
Profit before income tax	**114,258**	700,126

5 SEGMENT INFORMATION (Continued)

Information of segment assets:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
As at 31 March 2020			
Segment assets	**5,127,814**	**885,874**	**6,013,688**
Year ended 31 March 2020			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**1,054,482**	**172,649**	**1,227,131**

	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
Year ended 31 March 2019			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	915,061	189,867	1,104,928

	Hong Kong *HK$'000* *(Restated)*	Mainland China *HK$'000* *(Restated)*	Group *HK$'000* *(Restated)*
As at 1 April 2018			
Segment assets	5,794,030	1,182,571	6,976,601

As at 31 March 2020, 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$4,562,078,000 (2019: HK$4,802,823,000) and HK$616,833,000 (2019: HK$647,964,000) respectively.

5 SEGMENT INFORMATION (Continued)

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

	As at 31 March 2020 *HK$'000*	As at 31 March 2019 *HK$'000* *(Restated)*	As at 1 April 2018 *HK$'000* *(Restated)*
Total segment assets	**6,013,688**	6,752,699	6,976,601
Deferred income tax assets	**66,294**	56,729	72,457
Financial assets at fair value through other comprehensive income	**101,033**	154,102	147,978
Current income tax recoverable	**39,743**	1,017	3,383
Total assets	**6,220,758**	6,964,547	7,200,419

6 REVENUE

	2020 *HK$'000*	2019 *HK$'000*
Sales of food and beverages	**7,877,944**	8,398,170
Rental income	**47,737**	50,287
Management and service fee income	**6,127**	7,114
Franchise income	**51**	457
Sundry income	**31,238**	37,855
	7,963,097	8,493,883

7 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2020 *HK$'000*	2019 *HK$'000*
Dividend income from listed equity investments	**12,246**	11,736
Fair value (loss)/gain on investment properties	**(42,400)**	19,800
Loss on disposal of other property, plant and equipment, net	**(19,072)**	(10,588)
Loss on disposal of investment properties	**-**	(741)
Impairment loss of property, plant and equipment	**(15,254)**	(3,529)
Impairment loss of right-of-use assets	**(40,580)**	-
Government subsidy (Note a)	**60,289**	1,009
Gain on modification of leases	**3,480**	-
Others	**751**	-
	(40,540)	17,687

(a) This primarily represents a subsidy of HK$57,240,000 (2019: Nil) granted by The Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

8 EXPENSES BY NATURE

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Cost of raw materials and packing	**2,258,184**	2,334,759
Amortisation of intangible assets	**408**	564
Depreciation expenses		
- property, plant and equipment	**357,784**	341,050
- leasehold land and land use right classified as right-of-use assets	**14,243**	14,262
- right-of-use assets – properties	**861,782**	848,557
Expenses relating to leases of		
- short-term leases	**22,737**	15,606
- variable lease payments not included in lease liabilities	**49,970**	71,093
Exchange losses/(gains), net	**512**	(3,061)
Employee benefit expenses (excluding share-based compensation expenses)	**2,672,600**	2,668,644
Share-based compensation expenses (Note a)	**23,845**	(1,209)
Auditor's remuneration	**4,019**	3,827
Electricity, water and gas	**385,717**	399,767
Advertising	**71,871**	74,062
(Reversal of loss allowance)/loss allowance on trade receivables	**(307)**	137
Sanitation	**124,973**	118,246
Repairs & maintenance	**105,177**	94,041
Other expenses	**760,344**	731,713
	7,713,859	7,712,058
Representing:		
Cost of sales	**7,232,445**	7,266,605
Administrative expenses	**481,414**	445,453
	7,713,859	7,712,058

(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 such 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 were vested.

9 FINANCE COSTS, NET

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Finance income	**16,098**	14,803
Finance costs of lease liabilities	**(110,538)**	(114,189)
Finance costs, net	**(94,440)**	(99,386)

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% (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Current income tax:		
- Hong Kong profits tax	**35,210**	93,476
- PRC taxation	**13,072**	24,594
Deferred income tax relating to the origination and reversal of temporary differences	**(7,864)**	12,313
Over provision in prior years	**(546)**	(1,927)
	39,872	128,456

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:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Profit before income tax	**114,258**	700,126
Calculated at a taxation rate of 16.5% (2019: 16.5%)	**18,853**	115,521
Effect of different taxation rates in other countries	**(1,583)**	10,761
Income not subject to taxation	**(19,919)**	(14,260)
Expenses not deductible for taxation purposes	**27,598**	6,862
Reversal of previously recognised temporary difference	**339**	6,901
Tax losses not recognised	**15,714**	5,352
Over provision in prior years	**(546)**	(1,927)
Others	**(584)**	(754)
Taxation charge	**39,872**	128,456

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).

	2020	2019 *(Restated)*
Profit attributable to equity holders of the Company (HK$'000)	**73,634**	569,907
Weighted average number of ordinary shares in issue ('000)	**580,095**	580,429
Basic earnings per share (HK$ per share)	**HK$0.13**	HK$0.98

(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.

	2020	2019 *(Restated)*
Profit attributable to equity holders of the Company (HK$'000)	**73,634**	569,907
Weighted average number of ordinary shares in issue ('000)	**580,095**	580,429
Adjustment for share award scheme ('000)	**1,566**	1,291
	581,661	581,720
Diluted earnings per share (HK$ per share)	**HK$0.13**	HK$0.98

12 DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Interim dividend, paid, of HK19 cents (2019: HK19 cents) per ordinary share	**111,284**	111,253
Final dividend, of Nil (2019: HK65 cents) per ordinary share	**-**	380,603
	111,284	491,856

The Board does not recommend a final dividend for the year (FY2018/19: HK65 cents per share). An interim dividend of HK19 cents per share (FY2018/19: HK19 cents) was paid during the year.

13 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
Trade receivables	**51,057**	72,051	66,306
Less: Loss allowance	**(875)**	(1,182)	(1,045)
Trade receivables – net (Note a)	**50,182**	70,869	65,261
Other receivables (Note b)	**116,336**	94,217	126,205
	166,518	165,086	191,466
Prepayments and deposits	**60,920**	38,099	35,561
	227,438	203,185	227,027

(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, receivables from a security logistic company and certain structured deposit notes with PRC banks. As at 31 March 2020, the Group had RMB denominated bank structured deposit notes amounting to HK$10,918,000 (2019: HK$29,156,000) which are principal guaranteed, and with maturities of 3 months (2019: 3 months) at an effective interest rate of approximately 2.3% per annum (2019: Ranging from 2.7% to 2.8% per annum).

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

The ageing analysis of trade receivables is as follows:

	As at 31 March 2020 *HK$'000*	As at 31 March 2019 *HK$'000*	As at 1 April 2018 *HK$'000*
0 – 30 days	**23,754**	49,724	43,600
31 – 60 days	**7,070**	11,201	11,529
61 – 90 days	**9,272**	5,581	7,052
91 – 365 days	**10,084**	4,320	3,183
Over 365 days	**877**	1,225	942
	51,057	72,051	66,306

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2020 *HK$'000*	2019 *HK$'000*
0 – 30 days	**167,135**	217,446
31 – 60 days	**1,727**	278
61 – 90 days	**1,333**	344
Over 90 days	**1,966**	1,642
	172,161	219,710

15 COMMITMENTS

As at 31 March 2020, the Group had the following capital commitments:

	2020 *HK$'000*	2019 *HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**13,813**	69,683
Authorised but not contracted for	**435,527**	510,089
	449,340	579,772

DIVIDEND

The Board does not recommend a final dividend for the year ended 31 March 2020 (FY2018/19: HK65 cents per share). An interim dividend of HK19 cents per share (FY2018/19: HK19 cents) was paid during the year.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

For the purpose of determination of eligibility to attend and vote at the annual general meeting of the Company which is scheduled to be held on 3 September 2020 ("AGM"), the Register of Members of the Company will be closed from 31 August 2020 (Monday) to 3 September 2020 (Thursday) 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 2020 (Friday).

HUMAN RESOURCES

As of 31 March 2020, the Group had a workforce of 18,832 employees (31 March 2019: 19,110).

Staff training during the year under review mainly focused on "Quality, Service and Cleanliness" with our continuous dedication to improve customer experience. Our in-house training programmes, recognised by the Qualification Framework (QF) Scheme of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications, were further enhanced with the launch of our new Continuous Leadership Development Program – designed to create a steady pipeline of talent 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.

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 2020, 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 2020.

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 2020 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 2020 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 2020, 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, 15 June 2020

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.