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 2021

HIGHLIGHTS

- **Social distancing restrictions and poor consumer sentiment amidst the COVID-19 pandemic had severe impact on the Group's business and operations throughout the year. Revenue for the year declined to HK$6,714.3 million (FY2019/20: HK$7,963.1 million). Profit attributable to shareholders increased to HK$359.1 million (FY2019/20: HK$73.6 million) as a result of government pandemic relief and subsidies, as well as the efforts of staff and management team under unprecedented circumstances.**

- **The Group received pandemic relief and subsidies from governments totalling HK$638.9 million, including HK$486.8 million under the Employment Support Scheme of the Hong Kong Government, which was used in its entirety for paying salaries and wages to employees.**

- **The Group took immediate action to adapt product offerings and operations to the "new normal", implementing measures to improve productivity and efficiency, including stringent cost control, manpower deployment and acceleration of technology upgrades to capture more takeaway and delivery business. These measures, combined with relaxed social distancing restrictions, led to improved revenue in the second half of the financial year.**

- **Our business in Mainland China has recovered after the initial severe lockdown. The Group will continue to expand its network in the Greater Bay Area.**

- **The Group cautiously managed working capital to maintain healthy cash flow for operations during these uncertain times, and generated positive operating cash flow for the year before government subsidies were taken into account.**

- **A final dividend of HK28 cents per share is recommended (FY2019/20: nil), with a total dividend payout ratio of 62.0% for the year.**

* *For identification purposes only*

CHAIRMAN'S MESSAGE

For the year ended 31 March 2021, I am pleased to report that the Group achieved revenue of HK$6,714.3 million and delivered profit attributable to shareholders of HK$359.1 million. The Group has cautiously managed working capital to ensure healthy cash flow for its operations during these uncertain times. With all the active steps taken, the Group maintained positive operating cash flow for the year before government subsidies were taken into account.

The continued impact of the COVID-19 pandemic during the year under review presented a remarkable challenge to people, businesses and economies around the globe. After a full year of operation in a post-pandemic world, the Group has taken solid steps to protect our leadership position in the market, and to capitalise on future growth opportunities.

IMMEDIATE ACTION, SUSTAINABLE STRATEGY

When it first became evident that the outbreak of COVID-19 was reaching global proportions, the Group took immediate actions to ensure our operations could continue uninterrupted. We protected the health and safety of our customers and staff with enhanced hygiene measures, took swift defensive action to control costs, and secured loan facilities to ensure stable cash flow in a harsh environment.

With this safety net in place, we next turned our attention to making the best of the situation – adapting to the new realities of social distancing and changing consumer preferences. As a result, the Group began shifting marketing and operational focus towards take-away and delivery options, leveraging social media and other digital platforms to promote menus and seasonal products redesigned for home dining.

Testament to the Group's deep relationships with Hong Kong people from all walks of life, enrolment in our Club 100 membership programme has grown significantly due to the Group's continued efforts in recent years to address the changing demands of consumers who sought traditional comfort food from reputable, trusted brands to ease the uncertainties brought by COVID-19.

The pandemic followed a different course in Mainland China, marked by a more severe initial lockdown, followed by a shorter recovery period. The Group took advantage of the situation to increase the pace of network expansion, opening 13 new stores during the year with a strategic focus on Guangzhou and Shenzhen – and currently has 17 stores in the pipeline to open next year.

MAXIMISING OPPORTUNITIES FROM A MARKET RESET

Over the past decade, Hong Kong's economy has experienced tremendous growth. Rents have increased multiple times and labour costs have also risen accordingly, leading to unsustainable levels and an unbalanced market.

However, the prolonged nature of the pandemic is creating a new situation – a "reset" of the economy – as health considerations, social distancing regulations and international travel lockdowns have completely changed the way people live, work and socialise. These significant changes have impacted not only our home markets of Hong Kong and the Greater Bay Area, but all around the world.

With international travel and global transport still severely limited, it appears it will take some time before economic activity recovers. However, this contraction is also opening the door for new and innovative pathways to growth as rents and wages seek lower points of market equilibrium.

The Group's immediate cost controls have kept the business cash flow positive throughout this difficult year. As rental and labour costs fall further, we have a unique opportunity to emerge from the pandemic with a lower cost base than before – taking full advantage of this market reset.

MANAGEMENT AND LEADERSHIP

With recent appointments, the key elements of our succession plan are in place and the transition to the new management team is in its final stages. I am pleased to announce that, effective 1 April 2021, Piony Leung Ho-ting has been appointed as Managing Director (Hong Kong). In addition, we have expanded the role of James Yang Bin, Managing Director (China), to include responsibility for back office operations – consolidating resources and streamlining the decision-making process. Both of them will report directly to Peter Lo, Chief Executive Officer of the Group.

During the past year, this team have proven themselves under some of the most challenging market conditions in recent memory. Their swift and effective leadership not only protected our business and operations, but also positioned the Group to take increased advantage of the eventual economic recovery.

While the global reset has been a severe shock to the market, it has also provided the Group with a valuable "stress test" of our long-term strategy, business sustainability and overall competitiveness. I hold every confidence that the management team will continue to hone our competitive edge in the market.

ACKNOWLEDGEMENTS

Against this backdrop of uncertainty and changes, I must express my deep gratitude to our Board of Directors, business partners, employees, investors and customers for their continued support and steadfast loyalty. As the everyday face of the Group, our frontline staff deserve the highest praise for their courage during the pandemic, which allowed us to keep our operations running smoothly and our communities fed despite the enormously challenging environment.

Building on the strength of our reputation and the capabilities of our management team, I am confident the Group will continue to thrive despite the current challenges – consolidating its position as one of the best-loved catering groups in the region.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 15 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

The effects of the COVID-19 pandemic and related social distancing measures continued to impact the operations and business of the Group during the year ended 31 March 2021.

Against a backdrop of weak consumer sentiment, stringent government restrictions imposed on the catering sector and multiple waves of the pandemic, revenue for the year under review was HK$6,714.3 million, representing a decline of 15.7% compared to FY2019/20.

Despite the unstable economic environment, the Group recorded a profit attributable to shareholders of HK$359.1 million for the year ended 31 March 2021, as compared to that of HK$73.6 million for the year ended 31 March 2020, mainly due to government pandemic relief and subsidies, as well as the concerted efforts of our management team and staff under the extremely difficult environment.

During the year, the Group received pandemic relief and subsidies from the Hong Kong and PRC governments totalling HK$638.9 million, which include subsidies of HK$486.8 million under the Employment Support Scheme ("ESS") and other subsidies of HK$136.0 million under the Anti-epidemic Fund of the Hong Kong Government. All ESS subsidies, which accounted for approximately 23.3% of the Group's staff cost in Hong Kong during the period, were used for paying salaries and wages to our employees.

Though initially caught off-guard by the severity of the pandemic, the Group swiftly took proactive measures to adjust operations and product offerings to the "new normal", and implemented strict actions to control operating expenses and enhance productivity. We re-engineered menus for takeaway and delivery sales, accelerated digitalisation of our business and expanded our presence on online delivery platforms. These initiatives helped to mitigate the impact of the pandemic, allowing the Group to not only break even during FY2020/21, but to maintain positive operating cash flow for the year before government subsidies were taken into account. Adaptation of business operations and loosening of government pandemic restrictions led to improvement in revenue during the second half of the financial year compared to the first half.

Amidst the serious business contraction brought by the pandemic, the Group seized the opportunity to invest in future growth by launching a series of long-term business and operation enhancement initiatives on product development, marketing campaigns and staff training – implemented in view of the breathing space made available by government subsidies whilst paving the way for continued success in the post pandemic world.

Although the Group's operations in Mainland China faced a more severe initial lockdown period, the subsequent recovery period was relatively quick. Taking advantage of the Group's underlying financial strength and confidence in the Greater Bay Area market, we took the opportunity to continue network expansion with a focus on Guangzhou and Shenzhen.

The pandemic has caused a paradigm shift in the market. Adapting to new strategic models and operations, the Group remains committed to controlling overheads and improving efficiency while strengthening the reputation and equity of its catering brands. Building on a solid foundation in Hong Kong, we will continue to tap into significant growth opportunities in the Greater Bay Area – creating sustainable value for our investors, partners, customers and staff.

RESULTS OVERVIEW

Revenue

For the year ended 31 March 2021, the Group's revenue decreased by 15.7% to HK$6,714.3 million (FY2019/20: HK$7,963.1 million). Revenue by business division is set out below:

	FY2020/21	FY2019/20	**Change**
	HK$'m	*HK$'m*	*%*
Hong Kong			
QSR	**4,216.1**	4,981.6	(15.4)
Casual Dining	**622.0**	779.2	(20.2)
Institutional Catering	**534.7**	957.2	(44.1)
Others*	**141.4**	155.1	(8.9)
Subtotal	**5,514.2**	6,873.1	(19.8)
Mainland China	**1,200.1**	1,090.0	10.1
Group	**6,714.3**	7,963.1	(15.7)

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

Gross Profit Margin

Gross profit margin decreased to 5.6% (FY2019/20: 9.2%), primarily due to weak market sentiment and social distancing measures amidst the COVID-19 pandemic.

Administrative Expenses

Administrative expenses decreased by 3.9% to HK$462.6 million (FY2019/20: HK$481.4 million), mainly due to cost control.

Key Costs

The breakdown of major expenses is set out below:

	For the year ended 31 March			
	2021		2020	
	HK$'m	***% of revenue***	*HK$'m*	*% of revenue*
Cost of raw materials and packing	**2,008.1**	**29.9**	2,258.2	28.4
Staff cost	**2,366.1**	**35.2**	2,696.4	33.9
Rental costs*	**855.7**	**12.7**	1,045.0	13.1

** It 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. It also includes turnover rent as well as gain on modification and termination of leases.*

Other Income and Other (Losses)/Gains, Net

Other income and other losses, net increased to HK$561.0 million (FY2019/20: net losses of HK$40.5 million), due to subsidies totalling HK$638.9 million granted by the Hong Kong Government under the Anti-epidemic Fund and the PRC Government (FY2019/20: HK$60.3 million), netting off against an impairment loss of right-of-use assets of HK$23.7 million (FY2019/20: HK$40.6 million).

Income Tax Expense

Income tax expense decreased by 24.8% to HK$30.0 million (FY2019/20: HK$39.9 million).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders increased 387.7% to HK$359.1 million (FY2019/20: HK$73.6 million) attributable to government monetary relief of HK$638.9 million.

Segment Results

Hong Kong segment results increased 37.2% to HK$674.2 million (FY2019/20: HK$491.5 million) attributable to government monetary relief. Mainland China results increased 93.3% to HK$149.4 million (FY2019/20: HK$77.3 million) attributable to business recovery after the initial severe lockdown due to outbreak of pandemic and RMB appreciation.

Basic Earnings Per Share

The Group's basic earnings per share increased by 376.9% to HK$0.62 (FY2019/20: HK$0.13).

Dividend

The Board is pleased to recommend the payment of a final dividend of HK28 cents per share (FY2019/20: nil). Together with the interim dividend of HK10 cents per share paid during the year, the dividend payout ratio for the year is 62.0%.

BUSINESS REVIEW

As of 31 March 2021, the Group had a network of 352 stores in Hong Kong (31 March 2020: 356) and 121 stores in Mainland China (31 March 2020: 114).

Hong Kong Retail Operations

COVID-19 Impact

In the face of unprecedented challenges brought by COVID-19, Hong Kong's dining sector faced various government-mandated restrictions throughout the year. These included no in-house dining after 18:00, limiting seating capacity by half, imposing a 1.5m minimum distance between seats, safety shields between tables and temperature checks, as well as limiting the number of diners per table. On 28-29 July 2020, in-house dining was completely banned at all catering outlets in Hong Kong. Together, these restrictions barred dinner service for 114 days in FY2020/21, in addition to 9 days that we voluntarily suspended. These regulations severely impacted the Group's business and operations, with a significant decline in the number of meals served in-house at retail outlets.

In light of the changing operating environment, the Group took swift action to adapt to new consumer preferences while enhancing hygiene standards. We reallocated manpower due to huge takeaway meal demand during lunch and dinner hours, and also provided additional training regarding standard operating procedures for takeaway packaging and order fulfilment time. We also implemented the "LeaveHomeSafe" QR code at all shops, consolidated all COVID-19 preventive measures into standardised guidelines, and conducted regular disinfections as well as nano-photocatalyst sanitization at all shops.

The launch of additional ordering platforms, mobile ordering apps and QR code ordering for takeaway/pre-orders, as well as closer collaboration with third party food delivery service providers, helped to maintain market share and sales revenue as the market settled into the new rhythm of post pandemic life. The Group also placed vigorous emphasis on VIP and membership programmes, making use of these platforms to build closer relationships, strengthen brand loyalty and communicate directly with customers.

As a result of these actions, takeaway sales accounted for a considerably greater proportion of revenue during FY2020/21 as compared to the previous year – a sign of significant changes in consumer preferences, as well as the Group's ability to adapt to the market.

Quick Service Restaurants (QSR)

During the year ended 31 March 2021, revenue from the QSR division decreased by 15.4% to HK$4,216.1 million, as **Café de Coral** fast food and **Super Super Congee & Noodles** experienced declines in revenue, as well as negative same store sales growth of 14% and 11%, respectively, for the year under review. The business quickly responded to the challenges of the year, taking initiative to protect margins through a shift in marketing focus, accelerated digitalisation and tight control of costs.

The Group's shift in marketing focus to takeaway and delivery menus was accompanied by a large-scale joint promotion with Octopus Cards and other electronic payment gateways to stimulate use of electronic payment. By adopting new innovations in technology including ordering kiosks, KVS (kitchen video system) and mobile pre-ordering apps, the business was able to increase consumer convenience while minimising interpersonal contact for takeaway service.

This shift was also facilitated by the development of express takeaway menus for lunch and dinner service, as well as popular individual and family meal offers, including a "HK$38 for one dish, HK$70 for 2 dishes and HK$100 for 3 dishes" promotion. QSR also increased traffic with everyday low prices, as well as ad hoc limited special offers for lunch, tea and early bird dinner takeaway orders. A "Thanksgiving" HK$300 coupon campaign was launched as a special promotion during the severe second wave of the pandemic, and received overwhelming response.

Our new eatcdc.com online ordering platform was launched in September 2020, driving strong response to seasonal festive products such as Winter Festival and Chinese New Year poon choi offerings, Chinese New Year cakes and Mid-Autumn Festival mooncakes. Reflecting changing consumer behaviour, a significant percentage of festive product sales were conducted through online platforms rather than in-store. Partnering with third party delivery platforms like foodpanda helped the Group capture significant opportunities in takeaway and delivery business.

Assisting this transition to a more digitally-enabled business model, we hired dedicated staff under our Service Ambassador Programme to teach customers how to use new technology channels, such as in-store kiosks and mobile pre-ordering apps. In order to maintain our high standards of consistent food quality and overall hygiene in line with consumer expectations, the Group also enhanced its emphasis on Quality, Service and Cleanliness by redoubling efforts in our Mystery Shopper Programme at our retail outlets.

Uncertain economic conditions have driven consumers to look for value-oriented offerings from trusted brands, which has benefited our Club 100 membership programme. Despite the pandemic, we have increased our rewards to existing members and proactively recruited new members through apps and special redemption programmes. As a result of the Group's efforts recent years, we have doubled our membership and strengthened engagement with our customers.

The business also implemented strict cost control measures, while re-engineering and simplifying menus to maintain food costs at a steady level. Despite the dip in sales revenue, **Café de Coral** fast food was able to increase store productivity, which helped to offset overall costs – especially in manpower.

Some of our landlords, especially the Hong Kong Housing Authority and Hong Kong Housing Society, granted temporary rental concessions to the Group during the year. The Group continues to discuss with landlords for more favourable leasing terms, with a view to improving the Group's operating costs amidst the challenging business environment.

During the year under review, **Café de Coral** fast food opened 4 new outlets and operated a network of 161 shops at year end (31 March 2020: 162). The number of stores operated by **Super Super Congee & Noodles** as at year end was 40 (31 March 2020: 45). Currently 11 QSR-brand shops have been scheduled to open during FY2021/22.

Casual Dining

Revenue from the Casual Dining business (including Chinese cuisine brands **Shanghai Lao Lao** and **Mixian Sense**, and western cuisine brands **The Spaghetti House** and **Oliver's Super Sandwiches**) decreased by 20.2% during the year under review to HK$622.0 million (FY2019/20: HK$779.2 million), affected by the pandemic and related restrictions on dining.

In order to stimulate customer traffic and sales volume, the business introduced "value based" menus across all brands – such as takeaway dinner meal sets and a "Grab n Go" range for extra convenience. VIP programmes drove customer engagement with newly introduced apps, providing a direct communication channel with customers for special offers and enhanced customer relationship management. Additional ordering platforms – such as QR code ordering – helped to drive a pronounced increase in walk-in takeaway sales across all Casual Dining brands. Closer collaboration with third party food delivery services like Deliveroo also helped to capture more delivery business.

The division operated 60 shops at the end of the period under review (31 March 2020: 62). **Shanghai Lao Lao** and **Mixian Sense** operated 13 and 19 shops as of 31 March 2021 (31 March 2020: 13 and 20, respectively). **The Spaghetti House** opened 1 new shop during the period and operated 8 shops at the end of the period (31 March 2020: 8). With 2 shops opened during the reporting period, **Oliver's Super Sandwiches** operated 17 shops as of the financial year end (31 March 2020: 16).

Institutional Catering

The Group's Institutional Catering business continued to be severely impacted by the pandemic as school closures continued, hospital catering and other institutional services were suspended, and global aviation remained at minimal levels. Revenue from the business dropped by 44.1% during the year under review to HK$534.7 million (FY2019/20: HK$957.2 million).

However, as competition thinned due to the pandemic, the Group was able to successfully renew and extend major contracts as other players exited the market. **Asia Pacific Catering** successfully negotiated a number of new contracts, ending the year with 91 operating units (31 March 2020: 87). **Luncheon Star** took advantage of the lower business volume to expand its production facilities and automate processes for enhanced hygiene and safety.

Even though the Group's Institutional Catering business was severely impacted by the pandemic, it remains by far the market leader in Hong Kong – and a preferred strategic partner in the education, medical and institutional sector. We believe the current consolidation in the market is a prime opportunity for the Group to further build its reputation and capabilities, which will allow us to accelerate business growth once the COVID-19 situation is under control.

Mainland China

Revenue from Mainland China operations grew by 10.1% to HK$1,200.1 million (FY2019/20: HK$1,090.0 million). The South China fast food business recorded a 9.3% increase in revenue to RMB 1,007.1 million, with same store sales growth of 2%.

In Mainland China, the initial outbreak of the pandemic resulted in more severe social restrictions, but the economy also rebounded more quickly as a result. From a sharp and steep decline in year-on-year sales in February, the Group was able to significantly narrow the gap by May 2020 – and to remain ahead of average industry growth in Guangdong Province.

Although the pandemic impacted the Group's business in transportation hubs and during dinner service, we experienced a significant increase in Online-to-Offline (O2O) sales as a result of deliberate marketing efforts to drive takeaway and delivery options, and a focus on signature hero products. We also accelerated digitalisation efforts such as electronic e-coupon marketing to improve productivity and address changing consumer preferences.

The business worked diligently to control costs through menu management and strategic sourcing as well as manpower expenses. Close negotiations with landlords and other strategic partners allowed the Group to obtain appreciable concessions in rent. The business also benefitted from a series of social welfare and support measures provided by the government. We continue to focus on efficiency through managing labour costs and resources in order to drive operational costs lower.

We believe this period of industry consolidation provides an attractive opportunity for larger-scale caterers to strengthen their competitive positions. Therefore despite the pandemic, the Group's long-term network expansion plans remain unchanged. We opened 13 new stores in Mainland China during the year under review, with a strategic focus on Guangzhou and Shenzhen, ending the year with 121 stores (31 March 2020: 114). The South China fast food business currently has 17 stores in the pipeline to open in FY2021/22.

FINANCIAL REVIEW

Financial Position

During the year under review, the Group's financial position remained healthy. We cautiously managed working capital during these uncertain times, allowing the Group to maintain positive operating cash flow for the year before government subsidies were taken into account. The Group also secured additional banking facilities during the year to ensure sufficient reserves of working capital.

As of 31 March 2021, the Group recorded cash of approximately HK$2,073 million, with HK$888 million in available banking facilities. The Group's current ratio as of the same date was 1.5 (31 March 2020: 0.5), and the cash ratio was 1.2 (31 March 2020: 0.2). The Group had borrowings of HK$1,179 million (31 March 2020: nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2020: nil).

The Group's return on equity for FY2020/21 was 12% (FY2019/20: 3%), and return on assets was 5% (FY2019/20: 1%).

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure (excluding right-of-use assets) was HK$257 million (FY2019/20: HK$487 million). As at 31 March 2021, the Group's outstanding capital commitments were HK$735 million (31 March 2020: HK$449 million).

Contingent Liabilities

As of 31 March 2021, the Company provided guarantees of approximately HK$2,229 million (31 March 2020: HK$945 million) to financial institutions in connection with banking facilities granted to its subsidiaries. The Group had no charge on assets as of 31 March 2021 (31 March 2020: 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.

HUMAN RESOURCES

As of 31 March 2021, the Group had a workforce of 18,109 employees (31 March 2020: 18,832). During the year under review, we maintained recruitment and hiring to build and equip the team for business and operations during and after the pandemic, and also retrained employees to support new channels and strategies.

Effective leadership and talent development are critical to the Group's ongoing success. Training continued to focus on developing staff at levels through initiatives including the Continuous Leadership Development programme, customer service and product quality training – with a particular focus on enhanced safety and hygiene measures to combat the pandemic.

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.

SUSTAINABILITY

Under the pandemic, environmental, social and corporate governance (ESG) initiatives have come to the forefront as businesses and communities work together in mutual support. The Group is strongly committed to supporting the global agenda on sustainable development. By making ESG initiatives an integral part of our strategy and operations, we are putting sustainability into practice – and achieving tangible benefits in overall business competitiveness.

The Group has been a constituent member of the Hang Seng Corporate Sustainability Benchmark Index since 2015.

During the reporting year, we refined our sustainability strategy to broaden our vision and consolidate our efforts – starting with a review of our stakeholder groups and their priorities; followed by analysis and prioritisation of engagement and communication channels; and finally, alignment of the Group's sustainability strategy with stakeholders' expectations and industry best practice.

With our renewed strategy in place, the Group's ESG efforts during the year centred around immediate pandemic relief, as well as long-term community support. As part of our "Cheer YOU up" Community Support Programme, we made use of **Luncheon Star**'s production lines to produce and donate over 220,000 hot meals to feed the elderly, disabled and disadvantaged. In light of social distancing regulations, the Group modified its Community Spring Feast 2021 by delivering 2,000 sets of "Nutri-rich" poon choi to the elderly, low-income families, disabled people and those severely affected by the pandemic. We also continued to support Guangzhou Huiling, a charitable organisation that aims to ensure intellectually disabled individuals are able to participate in the community.

Full details of our sustainability programmes can be found in the Group's Sustainability Report 2020/21.

OUTLOOK

Although the economic outlook remains uncertain due to the global health situation, the Group remains cautiously optimistic in its ability to leverage its market leadership position to drive additional synergies amongst business units. In this environment, cost-conscious consumers are seeking value-focused meals offered by reliable caterers with a focus on quality and consistency. With a strong portfolio of brands catering across QSR, Casual Dining and Institutional Catering, the Group remains confident in its ability to offer a wide range of food options that cater to the diverse needs of the community.

During the past year under the pandemic, the Group has seen positive results from investments in digitalisation such as mobile ordering apps, self-ordering kiosks, digital CRM programme and our own eatcdc.com online platform, as well as collaboration with third party food delivery services. We will continue to enhance these efforts with touch-free solutions at express takeaway counters, as well as electronic vouchers and other digital promotions. By successfully and continuously adapting to the new market environment, the Group has an opportunity to demonstrate its leadership in both the industry and the community.

The Group's business performance improved and revenue rebounded in the second half of the year as compared to the first half. As the pandemic situation resolves, the Group expects business performance to make progress along with the economy. The Group will continue to implement stringent cost control measures on operations to protect margins as we navigate through the pandemic. While we are actively negotiating rental concessions and more favourable leasing terms, we are confident in creating stronger strategic alliance and partnership with landlords to capture market opportunities and prime locations by leveraging our brand portfolios and financial position.

As the Mainland China market was able to control the severity of the COVID-19 pandemic, domestic consumption is expected to rebound at a faster rate. Taking advantage of this opportunity, the Group will actively seek to penetrate residential areas in Tier 1 cities, while expanding our presence in Tier 2 and 3 cities.

As a result of the pandemic, the industry has faced a severe shock and many weaker players have already exited the market. Those that remain are lean, fit and aggressive; and we anticipate a sharply competitive environment in the year ahead.

However, the Group has proven the strength of its management team, brand portfolio, customer relationships and financial standing in the face of severe challenges this past year. With streamlined, digitalised operations and a firm control on costs, we are well positioned to thrive in the current economy – and to take full advantage of the post-pandemic recovery.

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 2021, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2021

	Note	**2021** **HK$'000**	2020 *HK$'000*
Revenue	*6*	**6,714,255**	7,963,097
Cost of sales	*8*	**(6,339,067)**	(7,232,445)
Gross profit		**375,188**	730,652
Other income and other (losses)/gains, net	*7*	**561,011**	(40,540)
Administrative expenses	*8*	**(462,619)**	(481,414)
Operating profit		**473,580**	208,698
Finance costs, net	*9*	**(83,034)**	(94,440)
Profit before income tax		**390,546**	114,258
Income tax expense	*10*	**(29,996)**	(39,872)
Profit for the year		**360,550**	74,386
Profit attributable to:			
Equity holders of the Company		**359,130**	73,634
Non-controlling interests		**1,420**	752
		360,550	74,386
Dividends	*12*	**222,567**	111,284
Earnings per share for profit attributable to the equity holders of the Company			
Basic	*11(a)*	**HK$0.62**	HK$0.13
Diluted	*11(b)*	**HK$0.62**	HK$0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	HK$'000	*HK$'000*
Profit for the year	**360,550**	74,386
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**32,249**	(25,293)
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit liabilities and provision for long service payments	**24,887**	(2,775)
Fair value loss on financial assets at fair value through other comprehensive income	**(4,082)**	(53,069)
Total comprehensive income/(loss) for the year	**413,604**	(6,751)
Total comprehensive income/(loss) for the year attributable to:		
– Equity holders of the Company	**412,184**	(7,503)
– Non-controlling interests	**1,420**	752
	413,604	(6,751)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,518,982**	1,608,831
Right-of-use assets		**2,124,383**	2,705,239
Investment properties		**542,700**	585,600
Intangible assets		**1,229**	1,421
Deferred income tax assets		**70,733**	66,294
Financial assets at fair value through other comprehensive income		**96,951**	101,033
Retirement benefit assets		**542**	-
Non-current prepayments and deposits		**283,622**	277,820
		4,639,142	5,346,238
Current assets			
Inventories		**234,924**	260,626
Trade and other receivables	*13*	**102,539**	166,518
Prepayments and deposits	*13*	**51,490**	60,920
Current income tax recoverable		**32,844**	39,743
Bank deposits with maturity over three months		**21,222**	1,641
Cash and cash equivalents		**2,072,512**	345,072
		2,515,531	874,520
Total assets		**7,154,673**	6,220,758
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**58,570**	58,570
Share premium		**621,122**	621,122
Shares held for share award scheme		**(140,944)**	(146,021)
Other reserves		**508,452**	468,520
Retained earnings			
- Proposed dividends		**163,997**	-
- Others		**1,817,640**	1,664,542
		3,028,837	2,666,733
Non-controlling interests		**5,999**	4,579
Total equity		**3,034,836**	2,671,312

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Note	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**33,424**	29,410
Provision for long service payments		**30,629**	48,778
Retirement benefit liabilities		**-**	10,346
Lease liabilities		**1,368,550**	1,845,279
Long-term borrowings		**999,433**	-
		2,432,036	1,933,813
Current liabilities			
Trade payables	*14*	**178,183**	172,161
Other creditors and accrued liabilities		**640,378**	675,200
Current income tax liabilities		**7,719**	13,487
Lease liabilities		**681,521**	754,785
Current portion of long-term borrowings		**100,000**	-
Short-term borrowings		**80,000**	-
		1,687,801	1,615,633
Total liabilities		**4,119,837**	3,549,446
Total equity and liabilities		**7,154,673**	6,220,758
Net current assets/(liabilities)		**827,730**	(741,113)
Total assets less current liabilities		**5,466,872**	4,605,125

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 2021.

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.

3 ACCOUNTING POLICIES

3.1 Amended standards and conceptual framework adopted by the Group

The following amended standards and conceptual framework have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2020:

- Amendments to HKFRS 3, "Definition of a business"
- Amendments to HKAS 1 and HKAS 8, "Definition of material"
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, "Interest rate benchmark reform"
- Conceptual framework for financial reporting 2018

3 ACCOUNTING POLICIES (Continued)

3.1 Amended standards and conceptual framework adopted by the Group (Continued)

The adoption of these amendments to standards and conceptual framework does not have any significant impact on the results and the financial position of the Group.

3.2 New and amended standards and annual improvements not yet adopted

The following new and amended standards and annual improvements have been issued but are not effective for the financial year beginning 1 April 2020 and have not been early adopted.

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19-related rent concessions	1 June 2020
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Cost of fulfilling a contract	1 January 2022
Amendments to annual improvements project	Annual improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
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 annual improvements, but is yet in a position to state whether they would have significant impacts on its results of operations and financial position.

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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(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 borrowings, 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 and bank borrowings at variable interest rates which are subject to cash flow interest rate risk.

As at 31 March 2021, if interest rates had been increased/decreased by 0.5% with all other variables were held constant, the Group's profit for the year would have been HK$4,924,000 decrease/increase and HK$2,760,000 increase/decrease, as a result of the changes in the interest expenses on bank borrowings and interest income on bank deposits.

As at 31 March 2020, 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.

(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 judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Price risk (Continued)

As at 31 March 2021, if the price of the listed equity securities (financial assets at FVOCI) had increased/decreased by 10% with all other variables being held constant, the Group's FVOCI investment reserve would have increased/decreased by HK$9,695,000 (2020: HK$10,103,000).

(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 2021.

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 2021.

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.

(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)

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

(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 pattern of sales over a period of 12 months before 31 March 2021 or 31 March 2020 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 2021 and 31 March 2020. In respect of trade receivables, the loss allowance as at 31 March 2021 and 31 March 2020 was determined as follows:

31 March 2021	**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	**27,362**	**6,378**	**2,288**	**1,296**	**825**	**38,149**
Loss allowance	**-**	**-**	**-**	**-**	**(823)**	**(823)**

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)

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 2021 and 31 March 2020.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group has considered the present and expected market conditions, including the impact of the COVID-19 outbreak and the expected pace of recovery. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

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

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 2021						
Trade payables	178,183	-	-	-	-	178,183
Other payables and accrued liabilities (excluding non-financial liabilities)	477,142	-	-	-	-	477,142
Lease liabilities	-	755,880	548,388	849,876	64,366	2,218,510
Bank borrowings	-	180,000	100,000	900,000	-	1,180,000
	655,325	935,880	648,388	1,749,876	64,366	4,053,835

	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

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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management (Continued)

During the year ended 31 March 2021, the Group monitor capital on basis of gearing ratio, which is calculated based on total borrowings less cash and cash equivalents divided by total equity.

As at 31 March 2021 and 31 March 2020, as the Group is in a net cash position of HK$893,079,000 and HK$345,072,000 respectively, management considers that the Group's capital risk is minimal.

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 2021:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Financial assets at fair value through other comprehensive income		
– Listed equity investments	**96,951**	**96,951**

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31 March 2020:

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

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 excluding 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 for right-of-use assets – properties; and including finance cost of lease liabilities.

5 SEGMENT INFORMATION (Continued)

Segment information of 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 2021			
Total segment revenue	**5,518,223**	**1,298,001**	**6,816,224**
Inter-segment revenue *(Note i)*	**(4,022)**	**(97,947)**	**(101,969)**
Revenue (from external revenue) *(Note ii)*	**5,514,201**	**1,200,054**	**6,714,255**
Represented by timing of revenue recognition:			
- At a point in time	**5,470,460**	**1,200,054**	**6,670,514**
- Over time	**43,741**	**-**	**43,741**
	5,514,201	**1,200,054**	**6,714,255**
Segment results *(Note iii)*	**674,219**	**149,405**	**823,624**
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(302,586)**	**(63,042)**	**(365,628)**
Fair value loss on investment properties	**(42,900)**	**-**	**(42,900)**
Impairment loss of property, plant and equipment	**(2,705)**	**-**	**(2,705)**
Impairment loss of right-of-use assets	**(23,680)**	**-**	**(23,680)**
Finance income	**6,480**	**1,645**	**8,125**
Finance cost on bank borrowings	**(6,290)**	**-**	**(6,290)**
Income tax expense	**(15,646)**	**(14,350)**	**(29,996)**

	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)

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 years ended 31 March 2021 and 2020, 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	Mainland China	Group
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2021			
Depreciation – right-of-use assets – properties	**645,219**	**88,495**	**733,714**
Finance cost of lease liabilities	**62,611**	**22,258**	**84,869**
Year ended 31 March 2020			
Depreciation – right-of-use assets – properties	781,012	80,770	861,782
Finance cost of lease liabilities	87,795	22,743	110,538

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

	2021	2020
	HK$'000	*HK$'000*
Segment results	**823,624**	568,829
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(365,628)**	(372,435)
Fair value loss on investment properties	**(42,900)**	(42,400)
Impairment loss of property, plant and equipment	**(2,705)**	(15,254)
Impairment loss of right-of-use assets	**(23,680)**	(40,580)
Finance income	**8,125**	16,098
Finance cost on bank borrowings	**(6,290)**	-
Profit before income tax	**390,546**	114,258

5 SEGMENT INFORMATION (Continued)

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
As at 31 March 2021			
Segment assets	**5,905,698**	**1,048,447**	**6,954,145**
Year ended 31 March 2021			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**487,583**	**188,652**	**676,235**
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

As at 31 March 2021, 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$3,775,601,000 (2020: HK$4,562,078,000) and HK$695,857,000 (2020: HK$616,833,000) respectively.

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

	As at 31 March 2021 ***HK$'000***	As at 31 March 2020 *HK$'000*
Total segment assets	**6,954,145**	6,013,688
Deferred income tax assets	**70,733**	66,294
Financial assets at fair value through other comprehensive income	**96,951**	101,033
Current income tax recoverable	**32,844**	39,743
Total assets	**7,154,673**	6,220,758

6 REVENUE

	2021	2020
	HK$'000	*HK$'000*
Sales of food and beverages	**6,627,557**	7,877,944
Rental income	**38,341**	47,737
Management and service fee income	**5,400**	6,127
Sundry income	**42,957**	31,289
	6,714,255	7,963,097

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

	2021	2020
	HK$'000	*HK$'000*
Dividend income from listed equity investments	**3,572**	12,246
Fair value loss on investment properties	**(42,900)**	(42,400)
Loss on disposal of other property, plant and equipment, net	**(12,840)**	(19,072)
Impairment loss of property, plant and equipment	**(2,705)**	(15,254)
Impairment loss of right-of-use assets	**(23,680)**	(40,580)
Government subsidies (Note a)	**638,868**	60,289
Others	**696**	4,231
	561,011	(40,540)

(a) These primarily represented government subsidies in relation to the COVID-19 pandemic which included subsidies of HK$486,767,000 under the Employment Support Scheme (2020: Nil) and other subsidies of HK$135,971,000 (2020: HK$57,240,000) granted under the Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region.

8 EXPENSES BY NATURE

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

	2021 *HK$'000*	2020 *HK$'000*
Cost of raw materials and packing	**2,008,142**	2,258,184
Amortisation of intangible assets	**194**	408
Depreciation expenses		
- property, plant and equipment	**351,182**	357,784
- leasehold land and land use rights classified as right-of-use assets	**14,252**	14,243
- right-of-use assets — properties	**733,714**	861,782
Expenses relating to leases of		
- short-term leases	**33,043**	22,737
- variable lease payments not included lease liabilities	**36,349**	49,970
Gain on modification and termination of leases	**(32,228)**	-
Exchange losses, net	**1,976**	512
Employee benefit expenses (excluding share-based compensation expenses)	**2,332,973**	2,672,600
Share-based compensation expenses	**33,123**	23,845
Auditor's remuneration	**3,611**	4,019
Electricity, water and gas	**316,237**	385,717
Advertising	**88,639**	71,871
Reversal of loss allowance on trade receivables (Note 13)	**(52)**	(307)
Sanitation	**120,973**	124,973
Repairs & maintenance	**97,322**	105,177
Other expenses	**662,236**	760,344
	6,801,686	7,713,859
Representing:		
Cost of sales	**6,339,067**	7,232,445
Administrative expenses	**462,619**	481,414
	6,801,686	7,713,859

9 FINANCE COSTS, NET

	2021 *HK$'000*	2020 *HK$'000*
Finance income	**8,125**	16,098
Finance cost of lease liabilities	**(84,869)**	(110,538)
Finance cost on bank borrowings	**(6,290)**	-
Finance costs, net	**(83,034)**	(94,440)

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% (2020: 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:

	2021	2020
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**24,643**	35,210
- PRC taxation	**13,803**	13,072
Deferred income tax relating to the origination and reversal of temporary differences	**(588)**	(7,864)
Over provision in prior years	**(7,862)**	(546)
	29,996	39,872

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:

	2021	2020
	HK$'000	*HK$'000*
Profit before income tax	**390,546**	114,258
Calculated at a taxation rate of 16.5% (2020: 16.5%)	**64,440**	18,853
Effect of different taxation rates in other territories	**5,053**	(1,583)
Income not subject to taxation	**(115,125)**	(19,919)
Expenses not deductible for taxation purposes	**20,332**	27,598
Reversal of previously recognised temporary difference	**1,846**	339
Tax losses not recognised	**61,408**	15,714
Over provision in prior years	**(7,862)**	(546)
Others	**(96)**	(584)
Taxation charge	**29,996**	39,872

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.

	2021	2020
Profit attributable to equity holders of the Company (HK$'000)	**359,130**	73,634
Weighted average number of ordinary shares in issue ('000)	**579,551**	580,095
Basic earnings per share (HK$ per share)	**HK$0.62**	HK$0.13

(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.

	2021	2020
Profit attributable to equity holders of the Company (HK$'000)	**359,130**	73,634
Weighted average number of ordinary shares in issue ('000)	**579,551**	580,095
Adjustment for share award scheme ('000)	**2,138**	1,566
	581,689	581,661
Diluted earnings per share (HK$ per share)	**HK$0.62**	HK$0.13

12 DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Interim dividend, paid, of HK10 cents (2020: HK19 cents) per ordinary share	**58,570**	111,284
Final dividend, proposed, of HK28 cents (2020: Nil) per ordinary share	**163,997**	-
	222,567	111,284

A final dividend of HK28 cents (FY2019/20: Nil) per ordinary share in respect of the year ended 31 March 2021 was proposed. Such final dividend is subject to approval by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

13 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**38,149**	51,057
Less: Loss allowance	**(823)**	(875)
Trade receivables – net (Note a)	**37,326**	50,182
Other receivables (Note b)	**65,213**	116,336
	102,539	166,518
Prepayments	**49,260**	58,340
Deposits	**2,230**	2,580
	154,029	227,438

(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) As at 31 March 2021, other receivables primarily comprise value-added tax recoverables, receivables from a security logistic company.

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

The ageing analysis of trade receivables is as follows:

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**27,362**	23,754
31 – 60 days	**6,378**	7,070
61 – 90 days	**2,288**	9,272
91 – 365 days	**1,296**	10,084
Over 365 days	**825**	877
	38,149	51,057

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**174,377**	167,135
31 – 60 days	**2,641**	1,727
61 – 90 days	**816**	1,333
Over 90 days	**349**	1,966
	178,183	172,161

15 COMMITMENTS

As at 31 March 2021, the Group had the following capital commitments:

	2021	2020
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**37,598**	13,813
Authorised but not contracted for	**697,474**	435,527
	735,072	449,340

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK28 cents per share for the year ended 31 March 2021 (FY2019/20: nil). The proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting ("AGM") to be held on 6 September 2021. Upon shareholders' approval, the proposed dividend will be paid on 21 September 2021 to shareholders whose names shall appear on the Register of Members of the Company on 10 September 2021.

Together with the interim dividend of HK10 cents per share (FY2019/20: HK19 cents), the total dividend for the year ended 31 March 2021 will amount to HK38 cents per share (FY2019/20: HK19 cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the Register of Members of the Company will be closed from 1 September 2021 (Wednesday) to 6 September 2021 (Monday) 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 31 August 2021 (Tuesday).

For the purpose of determination of entitlement to the final dividend, the Register of Members of the Company will be closed on 10 September 2021 (Friday) on which no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 September 2021 (Thursday).

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 2021, 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 2021.

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 2021 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 2021 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 2021, 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 1,542,055 shares of the Company at a total consideration of about HK$25.5 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 2021

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.