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 2017

HIGHLIGHTS

- **The Group's revenue for the year increased 4.3% to HK$7,895 million attributable to network expansion and brand portfolio enhancement. Profit attributable to shareholders amounted to HK$503.8 million, 2.7% lower than the preceding financial year or an improvement of 1.9% if certain non-operating and non-recurring items were excluded.**

- **The Group's quick service restaurants and institutional catering business recorded stable revenue growth. In the casual dining sector, the Group increased market penetration with its stronger brand portfolio. The Mainland China operations achieved satisfactory same store sales growth and an improvement in profit margin, laying a solid platform for sustainable growth.**

- **During the year under review, the Group adopted a multi-faceted strategy to strengthen its workforce and stepped up investments in brand and network expansion. These investments are critical for supporting long-term business growth despite their short-term impact on the Group's profit growth pace.**

- **A final dividend of HK63 cents per share (FY2015/16: HK63 cents) is recommended, with a total dividend payout ratio of 94.1% for the year.**

* *For identification purposes only*

CHAIRMAN'S MESSAGE

The past year has been an eventful and productive one for all of us at Café de Coral. In addition to achieving satisfactory performance in most of our businesses, we completed our succession plan and laid the groundwork for a new generation of talent.

It is gratifying to see our new management team, which is led by our Chief Executive Officer Mr Lo Tak Shing, Peter, taking over the reins. The new team has not only aligned our Company with the five-year business plan and founders' philosophy but is also exploring new opportunities and addressing the challenges for our business. The team has been driving and investing in various new initiatives when we have to step outside of our comfort zone. Yet, I have great confidence in our team's ability to capture new opportunities with the right strategy and at the right pace, and to take the Company forward.

EMBRACING NEW CHALLENGES

Our three business pillars comprise our Hong Kong quick service restaurants (QSR), Mainland operations and Hong Kong casual dining.

It is encouraging to see the satisfactory performance of our QSR business and our team's ability to maintain our market leadership. We have succeeded in overcoming difficulties in Hong Kong's increasingly competitive food and beverage (F&B) sector by capitalising on our reputation for offering delicious, safe and healthy dishes at affordable prices. To build on this reservoir of goodwill, we have been enhancing the customer experience, in particular through our *Customer Journey* programme during the year.

The labour shortage and long working hours in our industry have always been key challenges for our QSR team. The multi-faceted recruitment, development and retention strategy we implemented during the year has helped us tackle these issues more effectively. We have also made a great effort to enhance our employee compensation and recognition schemes, which have made Café de Coral a much more rewarding place to work. I should note here that the investments we made in further strengthening our workforce during the year have had a short-term impact on the Company's performance but, overall, these are necessary for the long-term growth of our business.

In the China market, our team's ongoing efforts to develop our brand have begun to yield results. The F&B industry in Mainland China is highly competitive, and customer consumption patterns are changing rapidly. To meet the unique challenges of this market, we have developed a strategic plan under which we have successfully consolidated our business and built a strong local team. Our team has been working extremely hard to adapt our menus to local customer tastes and to launch marketing campaigns suitable for this market. As a result, we achieved positive same store sales growth during the year, giving us a very solid foundation on which to build momentum for our future growth.

During the past few years, the Group has been expanding our portfolio in the casual dining sector by creating new business models and concepts as well as refining long-established ones. The team has also responded to difficult market conditions and severe competition by continuously fine-tuning our brand portfolio through the consolidation of old brands and the introduction of new brands to increase market share. It is especially encouraging to see how much we have accomplished with **Shanghai Lao Lao** and **Mixian Sense**, our home-grown brands, and this gives me great hope in the team's ability to build up our business in this sector.

COMMITTED TO SUSTAINABILITY

Since the beginning, we have focused on the needs of the mass public. We understand our customers well, and because of this we have been able to maintain stable growth. We also believe in treating our employees fairly and with respect, as this not only increases staff morale but motivates them to provide better customer service in line with our vision of operating as a sustainable company.

As Chairman of Café de Coral, I am wholly committed to sustainability as a way of thinking, and I am especially proud that we were included in the Hang Seng Corporate Sustainability Benchmark Index yet again this year. In FY2016/17, we continued to build and strengthen our sustainability platform across all of our operations, which is described in detail in our Sustainability Report — the fourth since we began publishing standalone reports. In addition to outlining our sustainability performance during the year, the report demonstrates how we have implemented our strong commitment to sustainability that guides the Company.

ACKNOWLEDGEMENTS

I would like to take this opportunity to pay tribute to my late father and one of the founders of Café de Coral, Victor Lo Tang-seong, who passed away on 30 June 2016 at the age of 101. He was an inspiration to me and the Company and set in place the values we continue to live by today. He will be missed by all who knew and worked with him.

Finally, I would like to extend my appreciation to the Board whose support I have greatly appreciated. In addition, I thank all of our staff for their hard work, dedication and contributions to our success, as well as our shareholders who continue to put their faith in us. With our new management team in place, and the values that we continue to adhere to at Café de Coral, I am highly optimistic that they will take our Company to even greater heights.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 26 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

During the year under review, the Group took proactive steps to expand our revenue base by investing in our brand, our people and the cautious expansion of our network. In particular, we stepped up investment in our workforce to meet the challenge of severe labour shortage in the food and beverage (F&B) industry, as this will help us maintain a strong and sustainable workforce for our future development. These investments had slowed down our profit growth pace as expected, but we believe that our strategy of investing in the Company is critical for supporting our growth over the long term.

We also focused on strengthening the Mainland China business and operation during the year. In Mainland China, we achieved strong same store sales growth, despite heavy competition in the F&B industry for space and customers. Other challenges affecting this market included changing consumption patterns, such as the rapid rise of e-commerce and online-to-offline (O2O) deliveries to consumers who have growing expectations of value and service. However, through our strategy of localisation, we believe we are well positioned to continue succeeding in this market.

Our key achievements for the year included the following:

- Quick service restaurants (QSR) and institutional catering, our core business, continued to achieve solid sales growth, attributable to the team's efforts to maintain and enhance our brand appeal, products and service.

- Our operations in Mainland China achieved strong same store sales growth during the year. We also enhanced our operational model, which contributed to an improvement in our profit margin, and reinforced the foundation of this business for our future growth.

- Our casual dining business saw growing popularity of its home grown brands and continued to adjust its portfolio to meet customer demand in preparation for trajectory growth.

- Greater investment in our people helped us to achieve long-term sustainable growth, despite the short-term impact on operating costs and margins.

RESULTS OVERVIEW

The Group's results for FY2016/17 are presented as follows:

Revenue

The Group's revenue increased 4.3% to HK$7,895 million (FY2015/16: HK$7,567 million). The Group's revenue by business division is set out below:

	FY2016/17	FY2015/16	Change
	HK$'m	*HK$'m*	*%*
Hong Kong			
QSR and Institutional Catering	**5,967.8**	5,594.7	6.7
Casual Dining	**794.2**	709.2	12.0
Others*	**154.6**	144.2	7.2
Subtotal	**6,916.6**	6,448.1	**7.3**
Mainland China	**978.7**	1,119.1	**(12.5)**
Group	**7,895.3**	7,567.2	**4.3**

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

Gross Profit Margin

Gross profit margin decreased to 13.4% (FY2015/16: 13.8%), primarily due to the increase in manpower expenses arising from our enhancement of compensation packages. Although this investment in our workforce had a short-term impact on the Group's margin, we believe this was necessary for the long-term growth of our business.

Administrative Expenses

Administrative expenses slightly increased 0.1% to HK$430.6 million (FY2015/16: HK$430.0 million).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders decreased 2.7% to HK$503.8 million (FY2015/16: HK$518.0 million). If excluding certain items which are non-operating and non-recurring in nature as shown below, the adjusted net profit increased 1.9% to HK$503.4 million (FY2015/16: HK$493.8 million).

	FY2016/17	FY2015/16	Change
	HK$'m	*HK$'m*	*%*
Profit attributable to equity holders	**503.8**	518.0	**(2.7)**
Excluding:			
Fair value (gain)/loss on investment properties	**(0.4)**	0.9	
Gain on disposal of leasehold properties	**-**	(25.1)	
Adjusted net profit	**503.4**	493.8	**1.9**

Segment Results

Hong Kong segment results decreased 6.2% to HK$808.8 million (FY2015/16: HK$862.1 million), mainly due to the increase in manpower expense. Mainland China segment results increased 147.5% to HK$131.3 million (FY2015/16: HK$53.1 million), mainly due to strong same store sales growth and improvement in profit margin.

Basic Earnings Per Share

The Group's basic earnings per share decreased 3.3% to HK$0.87 (FY2015/16: HK$0.90).

Dividend

The Board is pleased to recommend the payment of a final dividend of HK63 cents per share to shareholders for the financial year ended 31 March 2017 (FY2015/16: HK63 cents), representing a total dividend payout ratio of 94.1% for the year.

BUSINESS ANALYSIS

QSR and Institutional Catering

FY2016/17 saw continuously growing demand for fast food service in Hong Kong as consumers became more value driven and price sensitive.

The Group remained a market leader in the QSR and institutional catering sector. Contributing 75.6% of the Group's total revenue for FY2016/17, the QSR and institutional catering business in Hong Kong continued to record solid revenue growth. Total revenue from this business division amounted to HK$5,967.8 million, representing a 6.7% increase from the year before. By the end of FY2016/17, our QSR and institutional catering business had a total of 295 operating units as compared with 282 operating units in the previous year.

By continuing to focus on our value-for-money strategy, **Café de Coral** fast food achieved good same store growth in the first half of the year, although this softened in the second half, amounting to 4% for the whole year. Throughout the year, **Café de Coral** fast food developed exciting new products that were well received by customers, further differentiating us from our competitors. We also maintained a cautious approach with regard to price adjustments which, together with the value for money we offer and careful menu engineering, enabled us to sustain market share and transaction volume.

In a softening leasing market, **Café de Coral** fast food took the opportunity to expand its restaurant network and provide customers with a greater choice of locations. During the year, **Café de Coral** fast food opened 10 new outlets, bringing the total number of stores operated under the brand to 166 as of 31 March 2017 (31 March 2016: 157 stores). For the year ahead, **Café de Coral** fast food has a strong pipeline of new store openings in its business development plan, with 12 stores to be opened in the coming months.

Super Super Congee & Noodles achieved a much expanded network with more new stores opened. As a result of the expanded chain, it recorded softer same store sales growth of 1% and continued to focus on network consolidation to enhance and sustain growth. With 12 stores opened during the year, the number of outlets under this brand amounted to 50 as of 31 March 2017, as compared with 40 stores in the previous year. 4 new stores are scheduled to be opened in the coming months. In 2017/18, the chain will continue to roll out the new store design created during the review period, which features a traditional yet contemporary local neighbourhood concept.

Our institutional catering brands maintained their leading position in the market and made a positive contribution to the Group's revenue during the year. The overall performance of **Asia Pacific Catering** and **Luncheon Star** remained strong. **Asia Pacific Catering** successfully retained most of its strategic contracts under reasonable terms and secured new clients. The number of operating units at the end of the review period was 79, as compared with 83 in the previous year. New contract development will remain an important task for the business in the year ahead. **Luncheon Star** continued to be the largest student lunch service provider in Hong Kong for a 12th consecutive year. During the year, our school catering arm enhanced operational efficiency by expanding its production plant and improving production flow. Constant efforts have also been made to provide more tailored, flexible and popular services to the schools and students it serves.

Casual Dining

Despite intense competition in the casual dining sector, the Group has been committed to develop its casual dining business as this business will increasingly contribute to the Group's results and business development. During the year, we further penetrated the local F&B market with a stronger brand portfolio. We undertook brand renovation exercises, consolidated some of our old brands and fine-tuned new brands by extending their positions in large regional shopping malls. These combined efforts resulted in a 12% increase in revenue as compared with the year before, reaching HK$794.2 million in FY2016/17. The total number of shops in the casual dining business at the end of the review period was 64, compared with 69 last year.

Our two main home-grown casual dining brands, **Shanghai Lao Lao** and **Mixian Sense**, recorded outstanding performance for the reporting year. **Shanghai Lao Lao** has developed into a popular Chinese catering chain operating 10 outlets as of 31 March 2017 with 4 new shops scheduled to be opened in the near future. **Mixian Sense**, another promising chain specialising in mixian noodles, achieved 12 consecutive months of double digit growth during the year attributable to menu and product innovation. It will continue to grow its network to increase market penetration, with 11 new store openings scheduled in the months ahead.

The Spaghetti House and **Oliver's Super Sandwiches** undertook a brand revamp during the year with updated designs and integrated menus in order to achieve growth momentum. These two restaurant chains operated 12 and 19 shops respectively as of 31 March 2017, as compared with 17 and 21 shops respectively last year. **THE CUP** and **Don Don Tei,** our franchised brands, also revamped their menus to appeal to local tastes.

Mainland China Operations

Our operations in Mainland China delivered solid results as a result of the Group's business consolidation strategy over the past few years. In 2016/17, we focused on enhancing the foundation of our business and refining our products and services. In particular, we brought in a team of local managers with extensive experience in the domestic market and deep knowledge of local tastes. Other factors underlying the satisfactory performance of this business included the rejuvenation of our signature products, a revamp of our menu and a series of promotions as part of our new Customer Relationship Management programme. New business models have also been developed, including e-commerce and O2O deliveries, in response to changes in consumption behaviour and higher service expectations among our customers.

As a result of these initiatives, our fast food business in Southern China recorded encouraging same store sales growth of 6%, despite an overall revenue decrease of 8.7% from the year before to HK$870.6 million mainly due to the strategic closure of non-performing stores and the impact of the changes in the VAT rules during the year. In addition, better pricing and labour management, improvements in supply chain efficiency and a tax rebate due to the VAT reform under the PRC tax system all helped to increase our operating margin for the year.

As at the end of the year, our Mainland business operated 99 outlets, compared with 114 last year. Looking ahead, the continuous rise in our profit margin in Mainland China gives us a solid platform on which to expand our business for the future. We will step up our network expansion in Guangdong Province to achieve our objectives in this market. At the same time, we will launch more local promotions and marketing campaigns and develop new products that align more closely with local tastes.

KEYS TO SUCCESS

The success of Café de Coral Group is underpinned by a coordinated strategy of investments in our people, brand, processes and network.

Investing in Our People

As of 31 March 2017, we had a workforce of 18,771 employees (31 March 2016: 17,575).

We recognise that we can only grow as a company by attracting and retaining high quality people. Given the keen competition in the F&B industry for labour, especially young people, we have adopted a multi-faceted strategy that makes the Company a more attractive and rewarding place to work. Under this strategy, we endeavour to offer competitive pay and benefits, encourage work-life balance and provide training that enables our staff to reach their full potential.

In 2016/17, we successfully completed our succession plan with a young and dynamic new management team ready to take the Company forward. In addition, we made significant enhancements to our employee remuneration and staff wellbeing in order to improve staff recruitment and retention in preparation for our forthcoming growth. We continued to invest in long-term incentive programmes for our employees, including share award and share option schemes, a profit sharing programme and other performance incentives. Remuneration at all staff levels is based on market benchmarks as well as individual experience, qualifications, duties and responsibilities.

The Group is committed to enhance the capabilities and competitiveness of our staff by providing quality training and career development programmes. During the year, our "Certificate in Restaurant Management" programme successfully attained Qualification Framework Accreditation by the HKSAR Government, reflecting the industry's recognition of our sustained efforts in staff development. We strongly believe that our investment in people, despite having a short term impact on the Group's financial performance, is vital to the Group's long-term success.

Brand Building

The Group's success is based on its strong stable of brands, starting with **Café de Coral** fast food which has grown from a single small shop in 1968 into an extensive network of restaurants across Hong Kong and Southern China. Among our major competitors in this sector, **Café de Coral** fast food enjoyed the highest brand awareness, brand loyalty and market penetration, as indicated in brand audits conducted by independent surveyor during the year. To further enhance our brand value, we launched the "*Happiness First"* brand campaign and our new 6G concept store to build on our strengths as "*the Canteen for Hong Kong People*". We also initiated a large-scale *Customer Journey* programme under which we will continue to generate a high level of brand awareness and offer in-store experiences and customer service that uphold our strong commitment of delivering "*A Hundred Points of Excellence*".

Building Our Network

We understand that having a wide range of strategic locations is critical for our next phase of growth. Currently, our network covers 359 operating units in Hong Kong and 99 outlets in Mainland China. We see the softening leasing market as an opportune time to expand our network more aggressively, despite keen competition for good locations. Leveraging on the Group's core brands and multi-brand business development strategy, we are striving to expand our restaurant network as this is crucial for our sustainable growth and future success.

Supply Chain Management

Maintaining food quality and consumer confidence is our top priority. The Group's supply chain and quality assurance teams, together with our ISO and HACCP certified processing plants, are responsible for maintaining and monitoring sound and robust food safety management systems. In recent years, we have been making substantial investments to centralise our supply chain management, including technology and system upgrades such as our Branch Management System (BMS). This fully integrated supply chain and inventory management system has automated our raw material procurement process for greater efficiency, traceability, inventory management and food safety.

Sustainability

We were honoured to be included in the *Hang Seng Corporate Sustainability Benchmark Index* for a second consecutive year. Sustainability is the core value of our Group and guides us in the way we do business. Covering four aspects, our sustainability commitment includes *Total Customer Satisfaction, Focus on People, Investing in Community* and *Resource Optimisation*, all of which have been embedded in our operations. Our sustainability performance for the year is set out in greater detail in our standalone 2017 Sustainability Report — the fourth since we began reporting.

FINANCIAL REVIEW

Financial Position

The Group's financial position for FY2016/17 remained healthy. As of 31 March 2017, the Group recorded net cash of approximately HK$790 million, with HK$306 million in available banking facilities. The Group's current ratio as of the same date was 1.5 (31 March 2016: 2.1), and the cash ratio was 1.0 (31 March 2016: 1.5). The Group had no external borrowing (31 March 2016: nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2016: nil). There has been no material change in contingent liabilities or charge on assets since 31 March 2017.

The Group's return on equity for FY2016/17 was 14% (FY2015/16: 15%), and return on assets was 11% (FY2015/16: 12%).

Capital Expenditure and Commitment

During the year, the Group's capital expenditure was HK$595 million (FY2015/16: HK$366 million). As at 31 March 2017, the Group's outstanding capital commitments were HK$613 million (31 March 2016: HK$481 million).

Contingent Liabilities

As of 31 March 2017, the Company provided guarantees of approximately HK$415 million (31 March 2016: HK$516 million) to financial institutions in connection with banking facilities granted to its subsidiaries.

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 business were in Renminbi. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

OUTLOOK

Our performance during the year gave new impetus to our expansion. Although operating conditions in the F&B industry will continue to be challenging under weak market sentiments and intensifying competition, we are cautiously optimistic about the future and are fully confident in our ability to build our brand and achieve long-term sustainable growth.

In the year ahead, we believe the market in Hong Kong will continue to be highly competitive for talent and space. We will maintain our investments in people, although this may impact our margins, albeit at a more modest level. On the other hand, we anticipate food costs to remain mostly stable as a result of our efforts to purchase directly from source, and expect to capitalise on a slightly softer leasing market for our future branch development. Despite higher short-term costs arising from our investments in people and capital expenditure for our stores and system enhancements, we are confident in our ability to regain momentum on the path to improving our margins in the near future.

For our QSR business, we believe demand will remain strong for our products and services, and are confident that with new store openings, stronger supply chain management and menu engineering we will be able to deliver stronger results. We will maintain a cautious and vigilant pricing strategy and continue to focus on creating value for our customers and a sustainable business operation.

The Group is also optimistic about the casual dining business and remains determined to increase market share in this sector. We will continue to fine-tune our brand portfolio and invest in our emerging chains so that they can make a greater contribution to the Group's business growth strategy.

Although competition is likely to remain keen in Mainland China, we are optimistic about our prospects in the country, where we have a long history and a strong foundation. This will involve building our brand presence in strategic locations of core cities in Southern China, increasing our brand penetration in second and third tier cities, enhancing brand loyalty and winning over new customers.

Finally, we look forward to the continued support of our loyal customers, dedicated staff, shareholders and other stakeholders as the Group embarks on its next phase of growth.

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 2017, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*6*	**7,895,262**	7,567,176
Cost of sales	*8*	**(6,838,442)**	(6,522,504)
Gross profit		**1,056,820**	1,044,672
Other (losses)/gains, net	*7*	**(23,148)**	716
Administrative expenses	*8*	**(430,609)**	(430,039)
Operating profit		**603,063**	615,349
Finance income	*9*	**9,619**	12,712
Share of profit of an associate		**-**	22
Profit before income tax		**612,682**	628,083
Income tax expense	*10*	**(108,832)**	(110,223)
Profit for the year		**503,850**	517,860
Profit/(loss) attributable to:			
Equity holders of the Company		**503,827**	517,982
Non-controlling interests		**23**	(122)
		503,850	517,860
Dividends	*12*	**473,875**	676,954
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic	*11(a)*	**HK$0.87**	HK$0.90
Diluted	*11(b)*	**HK$0.87**	HK$0.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**503,850**	517,860
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**(34,907)**	(26,034)
Fair value gain/(loss) on available-for-sale financial assets	**50,006**	(175,532)
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus of property, plant and equipment prior to transferring to investment properties	**74,757**	-
Remeasurement of retirement benefit liabilities and provision for long service payments	**5,870**	(27,210)
Total comprehensive income for the year	**599,576**	289,084
Total comprehensive income/(loss) for the year attributable to:		
– Equity holders of the Company	**599,553**	289,206
– Non-controlling interests	**23**	(122)
	599,576	289,084

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	**31 March 2017** ***HK$'000***	31 March 2016 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**80,532**	84,598
Property, plant and equipment		**1,943,607**	1,729,269
Investment properties		**567,700**	477,500
Intangible assets		**4,621**	5,500
Deferred income tax assets		**26,325**	29,433
Available-for-sale financial assets		**229,621**	179,615
Non-current prepayments and deposits		**308,523**	275,366
		3,160,929	2,781,281
Current assets			
Inventories		**240,154**	214,551
Trade and other receivables	*13*	**97,271**	87,259
Prepayments and deposits	*13*	**116,327**	156,459
Current income tax recoverable		**9,816**	18,994
Bank deposits with maturity over three months		**22,296**	-
Cash and cash equivalents		**790,017**	1,186,643
		1,275,881	1,663,906
Total assets		**4,436,810**	4,445,187
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**58,518**	58,356
Share premium		**607,364**	576,633
Shares held for share award scheme		**(164,622)**	(162,733)
Other reserves		**549,967**	468,403
Retained earnings			
– Proposed dividends		**368,762**	572,002
– Others		**2,067,388**	2,025,616
		3,487,377	3,538,277
Non-controlling interests		**3,743**	3,720
Total equity		**3,491,120**	3,541,997

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
AS AT 31 MARCH 2017

	Note	**31 March 2017** *HK$'000*	31 March 2016 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**31,964**	28,038
Provision for long service payments		**45,525**	51,955
Retirement benefit liabilities		**22,288**	20,762
		99,777	100,755
Current liabilities			
Trade payables	*14*	**211,109**	214,468
Other creditors and accrued liabilities		**609,109**	575,433
Current income tax liabilities		**25,695**	12,534
		845,913	802,435
Total liabilities		**945,690**	903,190
Total equity and liabilities		**4,436,810**	4,445,187
Net current assets		**429,968**	861,471
Total assets less current liabilities		**3,590,897**	3,642,752

Notes:

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 June 2017.

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 ("HKFRS") 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 available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS 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

(i) New and amended standards adopted by the Group

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

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28, "Investments entities applying the consolidation exception"
- Amendments to HKAS 1, "Disclosure initiative"
- Amendments to HKAS 16 and HKAS 38, "Clarification of acceptable methods of depreciation and amortisation"
- Amendments to HKAS 27, "Equity method in separate financial statements"
- Annual improvements to HKFRSs – 2012-2014 Cycle

The directors consider that the new and amended standards do not have a significant impact on the Group's consolidated financial statements.

(ii) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted

		Effective for annual periods beginning on or after
HKAS 7 (Amendment)	Statement of cash flows	1 January 2017
HKAS 12 (Amendment)	Income taxes	1 January 2017
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established by Hong Kong Institute of Certified Public Accountants

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted (Continued)

HKFRS 9 “Financial instruments”

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted (Continued)

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;
(2) Identify separate performance obligations in a contract;
(3) Determine the transaction price;
(4) Allocate transaction price to performance obligations; and
(5) Recognise revenue when performance obligation is satisfied.

The core principle is that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes to an "asset-liability" approach" based on transfer of control.

Currently, revenue from sales of food and beverages are recognised in the income statement at the point of sale to customers or when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

The directors consider that the new standard does not have a significant impact on the Group's consolidated financial statements.

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted (Continued)

HKFRS 16 “Leases”

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

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

The standard will affect primarily the accounting for Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$2,399,146,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group has commenced an assessment of the impact of the other new and amended HKFRSs, but is not 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, 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.

(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 available-for-sale financial assets. 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.

As at 31 March 2017, if the price of the listed securities (available-for-sale financial assets) has increased/decreased by 10% with all other variables being held constant, the Group's investment reserve would have increased/decreased by HK$22,962,000 (2016: HK$17,962,000).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from bank balances and deposits, rental deposits and trade and other receivables. The carrying amount of these balances in the statement of financial position represents the Group’s maximum exposure to credit risk in relation to its financial assets.

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.

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 adequate provision for uncollectible receivable has been made.

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.

(e) Liquidity risk

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

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

As at 31 March 2017, all of the Group’s financial liabilities equaled their carrying amounts as they are due within 12 months from 31 March 2017 with insignificant discounting impact.

4 FINANCIAL RISK MANAGEMENT (Continued)

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 2016 and 31 March 2017.

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 2017:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Available-for-sale financial assets		
– Listed investments	229,621	229,621
Total financial assets measured at fair value	229,621	229,621

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 2016:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Available-for-sale financial assets		
– Listed investments	179,615	179,615
Total financial assets measured at fair value	179,615	179,615

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

5 SEGMENT INFORMATION

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

The Chief Executive Officer of the Group reviews the Group's internal reporting in order to allocate resources amongst different segments. He assesses the business principally from a geographical perspective including Hong Kong and Mainland China. Segment result as presented below represents operating profit before fair value gain/(loss) on investment properties, gain on disposal of a leasehold property, depreciation and amortisation and impairment loss.

5 SEGMENT INFORMATION (Continued)

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

	Hong Kong	Mainland China	Group
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2017			
Total segment revenue	**6,919,267**	**1,103,246**	**8,022,513**
Inter-segment revenue *(Note i)*	**(2,742)**	**(124,509)**	**(127,251)**
Revenue (from external revenue) *(Note ii)*	**6,916,525**	**978,737**	**7,895,262**
Segment result *(Note iii)*	**808,831**	**131,341**	**940,172**
Depreciation and amortisation	**(262,764)**	**(49,947)**	**(312,711)**
Fair value gain on investment properties	**400**	**-**	**400**
Impairment loss of property, plant and equipment	**(14,855)**	**(9,943)**	**(24,798)**
Finance income	**5,942**	**3,677**	**9,619**
Income tax expense	**(98,512)**	**(10,320)**	**(108,832)**
Year ended 31 March 2016			
Total segment revenue	6,450,813	1,222,602	7,673,415
Inter-segment revenue *(Note i)*	(2,697)	(103,542)	(106,239)
Revenue (from external revenue) *(Note ii)*	6,448,116	1,119,060	7,567,176
Segment result *(Note iii)*	862,148	53,066	915,214
Depreciation and amortisation	(236,212)	(66,520)	(302,732)
Fair value loss on investment properties	(900)	-	(900)
Gain on disposal of a leasehold property	25,097	-	25,097
Impairment loss of property, plant and equipment	(5,554)	(15,776)	(21,330)
Finance income	8,130	4,582	12,712
Share of profit of an associate	22	-	22
Income tax expense	(105,315)	(4,908)	(110,223)

(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 2017 and 2016, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue.

5 SEGMENT INFORMATION (Continued)

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

	2017	2016
	HK$'000	*HK$'000*
Segment results	**940,172**	915,214
Depreciation and amortisation	**(312,711)**	(302,732)
Gain on disposal of a leasehold property	**-**	25,097
Fair value gain/(loss) on investment properties	**400**	(900)
Impairment loss of property, plant and equipment	**(24,798)**	(21,330)
Operating profit	**603,063**	615,349
Finance income	**9,619**	12,712
Share of profit of an associate	**-**	22
Profit before income tax	**612,682**	628,083

	Hong Kong	**Mainland China**	**Group**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2017			
Segment assets	3,454,641	716,407	4,171,048
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	647,350	16,308	663,658
Year ended 31 March 2016			
Segment assets	3,478,969	738,176	4,217,145
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	395,897	39,601	435,498

As at 31 March 2017, the Group's non-current assets (other than financial instruments and deferred income tax assets) that are located in Hong Kong and the Mainland China amounted to HK$2,604,248,000 (2016: HK$2,199,576,000) and HK$300,735,000 (2016: HK$372,657,000) respectively.

5 SEGMENT INFORMATION (Continued)

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

	2017	2016
	HK$'000	*HK$'000*
Total segment assets	**4,171,048**	4,217,145
Deferred income tax assets	**26,325**	29,433
Available-for-sale financial assets	**229,621**	179,615
Current income tax recoverable	**9,816**	18,994
Total assets	**4,436,810**	4,445,187

6 REVENUE

	2017	2016
	HK$'000	*HK$'000*
Sales of food and beverages	**7,809,127**	7,486,153
Rental income	**42,497**	39,385
Management and service fee income	**10,361**	10,593
Franchise income	**473**	555
Sundry income	**32,804**	30,490
	7,895,262	7,567,176

7 OTHER (LOSSES)/GAINS, NET

	2017	2016
	HK$'000	*HK$'000*
Fair value gain on financial assets at fair value through profit or loss	**-**	436
Loss on disposal of financial assets at fair value through profit or loss	**-**	(2)
Gain on disposal of available-for-sale financial assets	**-**	441
Dividend income from listed investments	**12,246**	12,246
Fair value gain/(loss) on investment properties	**400**	(900)
Gain on disposal of a leasehold property	**-**	25,097
Loss on disposal of other property, plant and equipment, net	**(12,893)**	(17,983)
Impairment loss of property, plant and equipment	**(24,798)**	(21,330)
Gain on disposal of an associate	**-**	530
Government subsidy	**1,897**	2,181
	(23,148)	716

8 EXPENSES BY NATURE

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

	2017	2016
	HK$'000	*HK$'000*
Cost of raw materials and consumables used	**2,419,927**	2,360,204
Amortisation of leasehold land and land use rights	**2,952**	2,943
Amortisation of intangible assets	**743**	580
Depreciation of property, plant and equipment	**309,016**	299,209
Operating lease rentals in respect of rented premises (including contingent rentals of HK$58,720,000 (2016: HK$63,024,000))	**930,101**	866,927
Exchange (gains)/losses, net	**(7)**	8,517
Employee benefit expense (excluding share-based compensation expenses)	**2,444,498**	2,152,547
Share-based compensation expenses	**11,373**	40,540
Auditor's remuneration	**3,829**	3,769
Electricity, water and gas	**380,774**	390,026
Advertising and promotion expenses	**124,840**	112,275
Provision for impairment on trade receivables	**565**	285
Other expenses	**640,440**	714,721
	7,269,051	6,952,543
Representing:		
Cost of sales	**6,838,442**	6,522,504
Administrative expenses	**430,609**	430,039
	7,269,051	6,952,543

9 FINANCE INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**9,619**	12,712

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% (2016: 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:

	2017	2016
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**92,131**	100,919
- Overseas taxation	**9,999**	4,810
Deferred income tax relating to the origination and reversal of temporary differences	**7,132**	3,263
(Over)/under provision in prior years	**(430)**	1,231
	108,832	110,223

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:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**612,682**	628,083
Calculated at a taxation rate of 16.5% (2016: 16.5%)	**101,093**	103,634
Effect of different taxation rates in other countries	**4,208**	(3,076)
Income not subject to taxation	**(9,885)**	(12,757)
Expenses not deductible for taxation purposes	**10,220**	12,582
Recognition of previously unrecognised temporary difference	**(2,010)**	(6,422)
Tax losses not recognised	**6,148**	15,380
(Over)/under provision in prior years	**(430)**	1,231
Others	**(512)**	(349)
Taxation charge	**108,832**	110,223

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.

	2017	2016
Profit attributable to equity holders of the Company (HK$'000)	**503,827**	517,982
Weighted average number of ordinary shares in issue ('000)	**578,030**	577,114
Basic earnings per share (HK dollars per share)	**HK$0.87**	HK$0.90

(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.

	2017	2016
Profit attributable to equity holders of the Company (HK$'000)	**503,827**	517,982
Weighted average number of ordinary shares in issue ('000)	**578,030**	577,114
Adjustment for share award scheme ('000)	**1,053**	728
Adjustment for share options ('000)	**125**	748
	579,208	578,590
Diluted earnings per share (HK dollars per share)	**HK$0.87**	HK$0.90

12 DIVIDENDS

	2017 *HK$'000*	2016 *HK$'000*
Interim dividend, paid, of HK18 cents (2016: HK18 cents) per ordinary share	**105,113**	104,952
Final dividend, proposed, HK63 cents (2016: HK63 cents) per ordinary share	**368,762**	367,716
Special dividend, proposed, of Nil (2016: HK35 cents) per ordinary share	**-**	204,286
	473,875	676,954

A final dividend of HK63 cents per ordinary share in respect of the year ended 31 March 2017, amounting to total final dividends of approximately HK$368,762,000 was proposed. Such final dividends are 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

	2017 *HK$'000*	2016 *HK$'000*
Trade receivables	**46,508**	43,482
Less: provision for impairment of trade receivables	**(850)**	(285)
Trade receivables – net *(Note a)*	**45,658**	43,197
Other receivables	**51,613**	44,062
	97,271	87,259
Prepayments and deposits	**116,327**	156,459
	213,598	243,718

(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.

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

The ageing analysis of trade receivables is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**27,288**	25,529
31 – 60 days	**12,991**	9,653
61 – 90 days	**2,750**	5,081
91 – 365 days	**2,845**	3,073
Over 365 days	**634**	146
	46,508	43,482

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**206,928**	210,191
31 – 60 days	**2,617**	1,788
61 – 90 days	**116**	612
Over 90 days	**1,448**	1,877
	211,109	214,468

15 COMMITMENTS

As at 31 March 2017, the Group had the following capital commitments:

	2017	2016
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**67,885**	40,948
Authorised but not contracted for	**545,122**	440,339
	613,007	481,287

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK63 cents per share for the year ended 31 March 2017 (FY2015/16: HK63 cents). The proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting ("AGM") to be held on 12 September 2017. Upon shareholders' approval, the proposed final dividend will be paid on 26 September 2017 to shareholders whose names shall appear on the register of members of the Company on 18 September 2017.

Together with the interim dividend of HK18 cents per share (FY2015/16: HK18 cents), the total dividend for the year ended 31 March 2017 will amount to HK81 cents per share (FY2015/16: HK116 cents including a special dividend of HK35 cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the Register of Members of the Company will be closed from 7 September 2017 (Thursday) to 12 September 2017 (Tuesday) during which no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 6 September 2017 (Wednesday).

For the purpose of determination of entitlement to the final dividend, the Register of Members of the Company will be closed on 18 September 2017 (Monday) on which no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 September 2017 (Friday).

CORPORATE GOVERNANCE

The Board and management of the Group aspire to a high standard of corporate governance and constantly strive for a responsible and value-driven management focusing on safeguarding and enhancing interest and value of the 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 2017, the Company complied with all code provisions of 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 2017.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company was 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 four independent non-executive directors 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 2017 with the 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 2017 as set out in the preliminary 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 the preliminary results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities, except that the trustee of the Company's Share Award Scheme purchased on the Hong Kong Stock Exchange a total of 700,046 shares of the Company at a total consideration of about HK$17.1 million to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Award Scheme.

By order of the Board
Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 26 June 2017

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.