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 2018

HIGHLIGHTS

- **The Group's revenue for the reporting year increased 6.7% to HK$8,427 million. Profit attributable to shareholders amounted to HK$458 million, which was 9.1% lower than the preceding financial year, mainly due to increased manpower investment.**

- **The Group's quick service restaurants and institutional catering business delivered stable revenue growth whilst focusing on improving the *Customer Journey.* We invested in people and upgraded in-store technologies to increase efficiency and add value for customers.**

- **Our casual dining division continued to fine tune its brand portfolio and focus on fundamentals to build our capabilities in this business segment.**

- **Mainland China operations performed satisfactorily, with same store sales and profit growth attributable to successful product, price and marketing strategies catering to local market needs.**

- **A final dividend of HK63 cents per share (FY2016/17: HK63 cents) and a special dividend of HK35 cents per share (FY2016/17: Nil) are recommended, with a total dividend payout ratio of 148.3% for the year in celebration of the Group's 50th anniversary.**

* *For identification purposes only*

CHAIRMAN’S MESSAGE

This year marks a major milestone in Café de Coral’s business: our 50th anniversary. Over the past half century, the Group has experienced both successes and challenges – and applied these lessons and knowledge to create a robust, front-running organisation that is sensitive to our customers and focused on innovation.

Café de Coral was born under a very different business environment. The relative weighting of our three major cost bases – rent, labour and food – has shifted tremendously over the years. Although the market has changed, the Group has continuously strengthened the business by maintaining focus on three constantly changing areas: our people, our operating model and our customer experience.

Over the past 50 years, Café de Coral has grown together with Hong Kong. From a single, local brand, we have grown into a multi-geography, multi brand business. This drive and enthusiasm has fuelled the Group to become a leader in quick service restaurants with **Café de Coral** fast food and **Super Super Congee & Noodles,** a leader in institutional catering with **Asia Pacific Catering**, and a leading provider of school lunches in Hong Kong through **Luncheon Star**.

I truly believe that the Group’s long-lasting success has come from building on the past to create the future. Growing from strength to strength, we have managed to gain leadership positions in each new market by focusing on the fundamentals of each business, and delivering to the highest standards.

FIVE DECADES OF LEARNING, INNOVATION AND LEADERSHIP

As an organisation, Café de Coral has always believed in trying new things. This willingness to grow and adapt has kept our business relevant to the market, while continuing to appeal to the “everyman” consumers who make up our core target audience. Dedicated to sustainable, positive growth, the Group has consistently applied the knowledge gained from each new venture to enhance our core strengths and grow the business even further.

An example of this would be the Group’s early efforts in international expansion. Opening our first restaurant in Singapore in 1982 gave us the opportunity to identify the strengths and weaknesses of the business in a new environment. Taking these lessons to heart, we applied our findings to our business in Hong Kong – which allowed us to take our local operations to the next level by listing on the Hong Kong Stock Exchange in 1986.

Another example of this learning ability is our multi-brand strategy. After our listing, the Group built on its strength in restaurants to extend into institutional catering. While initially difficult, we persevered to become Hong Kong's leading institutional catering operator today – working with hospitals, universities and many other organisations across the city. We replicated this success in school catering, and have now turned our focus to casual dining. In this area, our homegrown **Shanghai Lao Lao** and **Mixian Sense** brands stand as testament to the Group's ability to introduce new and exciting concepts that have been warmly received by the local market – and create strong prospects for the future of the business.

I believe the strongest proof of the Group's adaptability lies in our expansion into the Mainland China market. Our first steps into the market in 1991 saw an ambitious effort to open around 20 stores in Guangdong, Shanghai and Beijing. However, the market was not ready at the time, and we made the timely decision to pull back. Sensing the further development of the market, we re-entered the market in 2003 and focused our efforts on growth. Building on strategic insights and operating experience in the market, we identified our strengths and positioning to focus on the South China market. Today, with a strong local management team catering to consumers' specific tastes, the Greater Bay Area has become one of the most dynamic areas of the business – and is a pillar of the Group's continuing success.

FUTURE HORIZONS

Looking forward to the next 50 years, I believe the Group will continue to build its success on the key strategies that have made our business what it is today. We are upgrading the customer journey to stay current with consumer preferences, and to match our cost structure and operating environment. We continue to invest in our people, motivating them to provide the best possible service to our customers. And we are applying new technology to create seamless, integrated success across all areas of our business.

I am confident the management team is focusing on all of these factors, ensuring the business is attractive and relevant to new generations of consumers in a constantly changing and increasingly competitive business environment.

One of Café de Coral's unique strengths lies in the smooth succession of our management team over the past 50 years – from the founding team created by my father; to the second generation led by myself, our former Chairman Michael Chan and my sister Anita Lo; to the current leadership in the experienced hands of CEO Peter Lo. While retaining the soul of the business by promoting from within, we have also broadened and enhanced our management team with key external hires to bring new professional skills and fresh blood into our operations. Today, as Chairman, my role is to provide guidance, while giving the team the freedom to explore and focus on big-picture issues – paving the way towards many more decades of success.

ACKNOWLEDGEMENTS

In closing, I must thank our staff for the loyalty, commitment and hard work; our investors for their support for our constantly growing business; and our customers for growing together with Café de Coral over the past five decades. Together, I am confident in the Group's success over the next 50 years… and beyond.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 22 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

Operating against a backdrop of an uncertain economy in FY2017/18, the Group focused on its core strengths to deliver increased revenue during the year under review with satisfactory performance in Mainland China in terms of same store sales and profit growth. Overall profit declined, however, as the Group continued to invest for future growth.

The Group maintained its emphasis on improving the *Customer Journey* in its core quick service restaurant (QSR) business, investing in our people to enhance the public face of our business, as well as making improvements in technology to increase efficiency and add value for our customers. We are confident that these investments will soon translate into profitability and will bolster the long-term competitiveness of our operations.

In line with the Group's multi-brand strategy, our casual dining business continued to fine tune its brand portfolio with a view to building our capabilities and achieving sustainable growth and positive performance across this business segment.

Following a period of consolidation to sharpen our focus on the Greater Bay Area in Southern China, the Mainland China business delivered satisfactory growth in profit and same store sales during FY2017/18. Led by a team of seasoned local professionals, this business segment has leveraged its solid operational team and sensitivity to local market preferences to achieve steady growth.

Although profits were lower than expected during the year under review, the Group's investments in people, technology and systems are now beginning to show promising results. We remain confident in the Group's business prospects for both the near and long term.

RESULTS OVERVIEW

Revenue

For the year ended 31 March 2018, the Group increased revenue by 6.7% to reach HK$8,427 million (FY2016/17: HK$7,895 million). Revenue by business division is set out below:

	FY2017/18	FY2016/17	**Change**
	HK$'m	*HK$'m*	***%***
Hong Kong			
QSR and Institutional Catering	**6,301.9**	5,967.8	**5.6**
Casual Dining	**882.0**	794.2	**11.1**
Others*	**167.3**	154.6	**8.3**
Subtotal	**7,351.2**	6,916.6	**6.3**
Mainland China	**1,076.2**	978.7	**10.0**
Group	**8,427.4**	7,895.3	**6.7**

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

Gross Profit Margin

Gross profit margin decreased to 12.4% (FY2016/17: 13.4%), primarily due to manpower expenses arising from our enhancement of compensation packages. Although this investment in our workforce had a short-term impact on margins, we believe it will enhance the long-term growth of our business.

Administrative Expenses

Administrative expenses increased by 6.6% to HK$458.8 million (FY2016/17: HK$430.6 million).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders decreased 9.1% to HK$458.1 million (FY2016/17: HK$503.8 million), primarily due to the increased investment in our workforce.

Segment Results

Hong Kong segment results decreased 2.1% to HK$792.2 million (FY2016/17: HK$808.8 million), mainly due to increased manpower expenses. Mainland China results increased 3.6% to HK$136.0 million (FY2016/17: HK$131.3 million), mainly due to same store sales growth.

Basic Earnings Per Share

The Group's basic earnings per share decreased 9.2% to HK$0.79 (FY2016/17: HK$0.87).

Dividends

The Board is pleased to recommend the payment of a final dividend of HK63 cents per share (FY2016/17: HK63 cents) and a special dividend of HK35 cents per share (FY2016/17: Nil) to shareholders for the financial year ended 31 March 2018 in celebration of the Group's 50th anniversary. The proposed dividends represent a total dividend payout ratio of 148.3% for the year.

BUSINESS ANALYSIS

QSR and Institutional Catering

In FY2017/18, the Group's QSR and institutional catering brands maintained their respective leadership positions in the Hong Kong market, contributing 74.8% of the Group's total revenue for the year. During the year under review, revenue from this division increased to HK$6,301.9 million, representing an increase of 5.6% compared to the previous year (FY2016/17: HK$5,967.8 million). The Group's QSR and institutional catering business had a total of 298 outlets as at the end of FY2017/18, compared with 295 outlets at the end of the previous financial year.

Overall, Hong Kong's market for fast food remains positive, although consumers have become more price sensitive and are increasingly attracted by lower prices and value promotions. On the other hand, rents have remained high despite the relatively soft economy – which continued to exert pressure on margins.

Continued investment in our people is paving the way for continuous, sustainable growth. Although this investment caused the cost base to increase faster than sales growth, manpower costs are now firmly under control, the division's retention rate has improved – paving the way for enhanced future profitability.

Café de Coral fast food maintained its steady performance and achieved same store sales growth of 3% for FY2017/18.

During the year under review, **Café de Coral** fast food deployed significant resources to improve the customer experience at our stores, creating greater value for consumers. The new 6th generation (6G) interior design was rolled out to 11 shops during FY2017/18, and has been warmly received by customers.

Upgrading the *Customer Journey* through the application of technology, **Café de Coral** fast food also advanced its point of sale system, launched new smart ordering kiosks, and introduced a kitchen video system to improve overall efficiency and reduce customer waiting time. Subsequent to the end of the financial year, we revamped our customer loyalty programme in April 2018 by offering more benefits and enhancing our online membership platform.

Refining and improving the accessibility of its locations, **Café de Coral** fast food opened a total of 12 new stores during the year, finishing the 12 months ended 31 March 2018 with a total of 167 stores (31 March 2017: 166 stores).

The Group's **Super Super Congee & Noodles** QSR brand recorded same store sales growth of 1% during the year under review. The Group deliberately slowed store network growth to re-engineer the menu for consumer tastes and focus on the quality of its hero products. 4 new shops were opened during the year, and the brand operated 50 outlets at year end (31 March 2017: 50 stores).

The Group's institutional catering brands, **Asia Pacific Catering** and **Luncheon Star**, continued to hold their market leadership positions in Hong Kong. Despite keen market competition, **Asia Pacific Catering** successfully renewed most of its large, major and profitable contracts, while also signing a number of new contracts. The business grew to 81 operating units at year end (31 March 2017: 79 units). **Luncheon Star** provides healthy and nutritious lunches to over 150 schools, and has been Hong Kong's largest student lunch provider for the past 13 years. With daily production of over 80,000 lunch boxes, **Luncheon Star** continues to expand its market share and streamline production flow in order to further reduce costs and maintain stable profit growth.

Casual Dining

Along with adjustments to the brand portfolio during the year under review, the casual dining business has been working on the fundamentals to fuel business growth. The business achieved revenue of HK$882.0 million during FY2017/18, increasing by 11.1% compared to the previous year (FY2016/17: HK$794.2 million). This division operated 68 shops as at 31 March 2018 (31 March 2017: 64 shops).

The Spaghetti House performed solidly after a measured consolidation and rationalisation of outlets. Re-engineering the menu and improving the quality of ingredients, together with the launch of a more compelling VIP programme, fuelled the brand's same store sales growth for the year under review. During FY2017/18, **Oliver's Super Sandwiches** reinforced its branding through seasonal product campaigns and enhancement of ingredients. As of 31 March 2018, **The Spaghetti House** and **Oliver's Super Sandwiches** operated 9 outlets and 15 outlets, respectively (31 March 2017: 12 shops and 19 shops, respectively).

The Group's home grown casual dining brands, **Shanghai Lao Lao** and **Mixian Sense,** achieved promising growth with increasing brand awareness and reputation. **Shanghai Lao Lao** grew by 4 shops to become a chain of 14 shops by year end (31 March 2017: 10 outlets). **Mixian Sense** – which caters to customers seeking healthy and delicious food – experienced high demand and expanded to a chain of 15 shops as at 31 March 2018 (31 March 2017: 6 shops) with the addition of 11 shops during the reporting year.

The Group's franchised brands, **THE CUP** and **Don Don Tei**, underwent menu improvement by offering more seasonal varieties to cater to local tastes. We continue to fine-tune the brands' business models to explore their scalability.

Mainland China

Robust economic conditions and increased domestic demand drove solid performance of the Group's operations in Mainland China, which have been consolidated to focus on the Greater Bay Area in Southern China. Satisfactory results were driven by a focus on product improvement and catering to local market needs.

Building on a customer-focused strategy and skilful implementation, the Mainland China market achieved revenue of HK$1,076.2 million during FY2017/18, representing an increase of 10% over the previous year (FY2016/17: HK$978.7 million). Southern China fast food recorded 12% same store sales growth during the year under review. Coupled with effective price and cost management, gross profit contribution from the Mainland China market improved during the year.

The Group operated 97 outlets in Mainland China as at the financial year end (31 March 2017: 99 outlets). 7 new outlets were opened during the year under review. The Group has also accelerated store renovation to enhance the ambience of the dining environment for our customers.

Whilst consumers are becoming more selective in product quality and placing greater value on the total customer experience, consumer consumption patterns have also been changing in the Mainland China market. The Group was successful in capturing market opportunities in online-to-offline (O2O) sales, which were a key contributor to revenue growth during the year under review. Extension of the O2O sales platform to more outlets will be a key operating target for development of the business in the year ahead.

The Group remains optimistic about development prospects for the Mainland China business in the coming year, with a renewed focus on the Greater Bay Area – and in particular the Tier 1 cities of Guangzhou and Shenzhen. Our holistic growth strategy incorporates technology enhancements to improve the customer experience, which will play a critical role in maintaining and building overall consumer satisfaction. Intense competition with an increasing number of market entrants has led to increased labour shortages, however the Group is confident in mitigating the issue through enhanced staff training.

With an accelerating focus on brand building, enhancement of customer service as well as network expansion, the Group is confident in the Mainland China business for the year ahead.

KEYS TO SUCCESS

The Group recognises that its people, brand, network and supply chain are the keys to business success.

People Development

As of 31 March 2018, the Group had a workforce of 18,940 employees (31 March 2017: 18,771 employees).

The Group has always emphasised the importance of investing in our people, whose interactions with our customers create the essence of our brand and are critical to the Group's business success. The recent costs related to investment in our people have now been stabilised, and the Group is beginning to see payback in terms of improved employee satisfaction and retention as well as productivity, facilitating the long-term success of the business across all sectors and geographies.

In the Mainland China market, where competition for labour is becoming increasingly intense, we are working to develop our local talent while improving our employer branding, which will help to increase the Group's reputation in the market as an employer of choice.

Development of our staff and maintaining good working relationships with our employees have always been major areas of concentration. With a well-established training structure and ample promotion opportunities for staff, the Group continues to emphasise our people and their growth within the Café de Coral family. Further details about these initiatives are presented in the Group's Sustainability Report 2018.

Remuneration at all staff levels is based on market benchmarks, as well as individual experience, qualifications, duties and responsibilities. Qualified employees are also entitled to participate in share award and share options schemes, profit sharing programme and other performance incentives.

Brand Building

One of the major factors behind the long-term success of our brand is our commitment to constantly providing quality food and service to our customers, while consistently meeting our customers' needs and delivering beyond their expectations. Our *Customer Journey* approach aims to provide total customer satisfaction in a comprehensive and systemic manner through in-depth analysis and constant improvement of our interactions with customers across three stages – brand awareness, in-store experience and patronage engagement.

During the year under review, the Group leveraged our brand synergy by offering diners and landlords a combination of our brands in a single location at JP Plaza in Causeway Bay, attracting consumers and catering to a wider variety of tastes and preferences. This initiative was successfully implemented at other locations, and we are fine-tuning the concept to maximise effectiveness.

The strong brand reputation of **Café de Coral** fast food is also proliferating in Mainland China. In FY2017/18, **Café de Coral** fast food was recognised as a Guangzhou Famous Trademark by Guangzhou's Administration of Industry and Commerce and named one of China's Excellent Fast Food Brands and China's Top 100 Fast Food Enterprises by the China Cuisine Association, reflecting the positive reception of our brand in the region.

Network Expansion

As at 31 March 2018, the Group had a network of 366 stores in Hong Kong and 97 stores in Mainland China. Although retail space has become more readily available, increasing competition has made rental of prime locations more expensive.

Employing a multi-brand strategy that offers consumers multiple high quality dining options within a single property has allowed the Group to secure prime locations. This strategy has enabled the Group to create clusters of its brands at prime shopping malls, including JP Plaza in Causeway Bay and Star House in Tsimshatsui. As securing favourable locations is critical to the Group's success, we will continue to leverage our established brand portfolio to expand our network in Hong Kong and Mainland China.

Supply Chain

Placing the highest priority on food safety and quality, the Group constantly upgrades its systems to enhance procurement efficiency. In line with this goal, we rolled out phase 2 of our *Electronic Data Interchange System* in Hong Kong, and we are preparing for the launch of our supply chain *Branch Management System* in Mainland China. During the year under review, the Group was crowned a Gold Enterprise Winner by GS1 Hong Kong under their Quality Food Traceability Scheme – a testament to our efforts in the critical area of food traceability.

Sustainability

In FY2017/18, the Group was included in the Hang Seng Corporate Sustainability Benchmark Index for the third consecutive year, recognising our efforts to grow our business in a sustainable manner. Full details of our sustainability programmes can be found in the Group's Sustainability Report 2018.

FINANCIAL REVIEW

Financial Position

During the year under review, the Group's financial position remained healthy. As of 31 March 2018, the Group recorded net cash of approximately HK$801 million, with HK$295 million in available banking facilities. The Group's current ratio as of the same date was 1.4 (31 March 2017: 1.5), and the cash ratio was 0.9 (31 March 2017: 1.0). The Group had no external borrowing (31 March 2017: Nil) and a nil gearing ratio (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2017: Nil). There has been no material change in contingent liabilities or charge on assets since 31 March 2018.

The Group's return on equity for FY2017/18 was 13% (FY2016/17: 14%), and return on assets was 10% (FY2016/17: 11%).

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure was HK$462 million (FY2016/17: HK$595 million). As at 31 March 2018, the Group's outstanding capital commitments were HK$480 million (31 March 2017: HK$613 million).

Contingent Liabilities

As of 31 March 2018, the Company provided guarantees of approximately HK$415 million (31 March 2017: HK$415 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 businesses were in Renminbi. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

OUTLOOK

As the Group celebrates its milestone 50th anniversary, we are building on our past to create our future – focusing on our core strengths to create a sustainable business that is well equipped for long term growth. As a Group, we have been growing together with Hong Kong for the past 50 years – and we are leveraging this long-standing relationship with the community to constantly evolve our business by catering to the changing needs of Hong Kong's people.

Today, we are focusing on the end-to-end *Customer Journey*, integrating our brands, people and professional knowledge to create a unique experience for customers from all walks of life.

- Continual improvement of our service and food quality as well as operational efficiency will remain the focal points of our Hong Kong QSR business. The Group is confident that the business will be able to reinvent and evolve for long-term success.

- Casual dining will continue to learn and fine tune our operations through consolidation and rationalisation of our network in order to increase contributions to the Group's profitability.

- We have built a solid foundation for our business in Mainland China, and are optimistic about its continuing success in the future.

As we look towards the future, technology has an important role to play in keeping our services and brands relevant to our increasingly sophisticated and selective customers. Not content to merely follow the latest trends, the Group is taking a long term view towards sustainable success, examining how technology can improve and transform our business – and taking carefully measured steps towards real enhancement of our business and operations.

Although business cycles will come and go the Group is confident in our ability to adapt and evolve to meet business challenges, just as we have done for the past 50 years – and plan to continue for the next half century, and beyond.

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 2018, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	*6*	**8,427,399**	7,895,262
Cost of sales	*8*	**(7,385,291)**	(6,838,442)
Gross profit		**1,042,108**	1,056,820
Other losses, net	*7*	**(13,706)**	(23,148)
Administrative expenses	*8*	**(458,819)**	(430,609)
Operating profit		**569,583**	603,063
Finance income	*9*	**11,661**	9,619
Profit before income tax		**581,244**	612,682
Income tax expense	*10*	**(121,949)**	(108,832)
Profit for the year		**459,295**	503,850
Profit attributable to:			
Equity holders of the Company		**458,055**	503,827
Non-controlling interests		**1,240**	23
		459,295	503,850
Dividends	*12*	**679,230**	473,875
Earnings per share for profit attributable to the equity holders of the Company			
Basic	*11(a)*	**HK$0.79**	HK$0.87
Diluted	*11(b)*	**HK$0.79**	HK$0.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018 *HK$'000*	2017 *HK$'000*
Profit for the year	**459,295**	503,850
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**66,031**	(34,907)
Fair value (loss)/gain on available-for-sale financial assets	**(81,643)**	50,006
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus of property, plant and equipment prior to transferring to investment properties	**65,287**	74,757
Remeasurement of retirement benefit liabilities and provision for long service payments	**12,990**	5,870
Total comprehensive income for the year	**521,960**	599,576
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**520,720**	599,553
– Non-controlling interests	**1,240**	23
	521,960	599,576

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	**31 March 2018** *HK$'000*	31 March 2017 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**79,485**	80,532
Property, plant and equipment		**2,020,925**	1,943,607
Investment properties		**663,300**	567,700
Intangible assets		**4,051**	4,621
Deferred income tax assets		**30,506**	26,325
Available-for-sale financial assets		**147,978**	229,621
Non-current prepayments and deposits		**295,657**	308,523
		3,241,902	3,160,929
Current assets			
Inventories		**234,362**	240,154
Trade and other receivables	*13*	**191,466**	97,271
Prepayments and deposits	*13*	**121,198**	116,327
Current income tax recoverable		**3,383**	9,816
Bank deposits with maturity over three months		**22,778**	22,296
Cash and cash equivalents		**801,240**	790,017
		1,374,427	1,275,881
Total assets		**4,616,329**	4,436,810
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**58,554**	58,518
Share premium		**616,811**	607,364
Shares held for share award scheme		**(145,053)**	(164,622)
Other reserves		**602,542**	549,967
Retained earnings			
– Proposed dividends		**573,832**	368,762
– Others		**1,862,995**	2,067,388
		3,569,681	3,487,377
Non-controlling interests		**3,819**	3,743
Total equity		**3,573,500**	3,491,120

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
AS AT 31 MARCH 2018

	Note	31 March 2018 HK$'000	31 March 2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**33,520**	31,964
Provision for long service payments		**34,990**	45,525
Retirement benefit liabilities		**18,747**	22,288
		87,257	99,777
Current liabilities			
Trade payables	*14*	**207,478**	211,109
Other creditors and accrued liabilities		**706,965**	609,109
Current income tax liabilities		**41,129**	25,695
		955,572	845,913
Total liabilities		**1,042,829**	945,690
Total equity and liabilities		**4,616,329**	4,436,810
Net current assets		**418,855**	429,968
Total assets less current liabilities		**3,660,757**	3,590,897

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 ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2018.

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 judgment in the process of applying the Group's accounting policies.

3 ACCOUNTING POLICIES

(i) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

- Amendments to HKAS 12, "Income taxes"
- Amendments to HKAS 7, "Statement of cash flows"
- Amendments to HKFRS 12, "Disclosure of interest in other entities"

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

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to annual improvements project (HKAS 28)	Annual improvements 2014 — 2016 cycle	1 January 2018
Amendments to annual improvements project (HKFRS 1)	First time adoption of HKFRS	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 15	Clarifications to HKFRS 15	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 17	Insurance contract	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established by Hong Kong Institute of Certified Public Accountants

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted (Continued)

HKFRS 9 "Financial instruments"

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:

The financial assets held by the Group include equity instruments currently classified as available-for-sale ("AFS") for which a fair value through other comprehensive income ("FVOCI") election is available.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the AFS financial assets fair value reserve to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Management considered that the new standard does not have a significant impact on the Group's consolidated financial statements.

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.

Date of adoption by Group

The standard is mandatory for financial years commencing on or after 1 January 2018.

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted (Continued)

HKFRS 15 "Revenue from Contracts with Customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Currently, revenue from sales of food and beverages are recognised in the consolidated 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.

Date of adoption by Group

The standard is mandatory for financial years commencing on or after 1 January 2018.

3 ACCOUNTING POLICIES (Continued)

(ii) The following new and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted (Continued)

HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in May 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. 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.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$2,319,779,000. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by Group

The standard is mandatory for financial years commencing on or after 1 January 2019.

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, guaranteed deposit notes, the income and operating cash flows of which are substantially independent of changes in market interest rates.

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

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

As at 31 March 2018, if the price of the listed equity 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$14,798,000 (2017: HK$22,962,000).

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 2018, all of the Group's financial liabilities equaled their carrying amounts as they are due within 12 months from 31 March 2018 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 2017 and 31 March 2018.

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 2018:

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

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 2017:

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

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 on investment properties, depreciation and amortisation and impairment loss.

5 SEGMENT INFORMATION (Continued)

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

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Group** *HK$'000*
Year ended 31 March 2018			
Total segment revenue	**7,355,111**	**1,205,743**	**8,560,854**
Inter-segment revenue *(Note i)*	**(3,893)**	**(129,562)**	**(133,455)**
Revenue (from external revenue) *(Note ii)*	**7,351,218**	**1,076,181**	**8,427,399**
Segment result *(Note iii)*	**792,172**	**136,029**	**928,201**
Depreciation and amortisation	**(297,576)**	**(46,870)**	**(344,446)**
Fair value gain on investment properties	**18,800**	**-**	**18,800**
Impairment loss of property, plant and equipment	**(32,972)**	**-**	**(32,972)**
Finance income	**4,959**	**6,702**	**11,661**
Income tax expense	**(86,928)**	**(35,021)**	**(121,949)**
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)

(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 2018 and 2017, 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:

	2018	2017
	HK$'000	*HK$'000*
Segment results	**928,201**	940,172
Depreciation and amortisation	**(344,446)**	(312,711)
Fair value gain on investment properties	**18,800**	400
Impairment loss of property, plant and equipment	**(32,972)**	(24,798)
Operating profit	**569,583**	603,063
Finance income	**11,661**	9,619
Profit before income tax	**581,244**	612,682

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

As at 31 March 2018, 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$2,713,049,000 (2017: HK$2,604,248,000) and HK$350,369,000 (2017: HK$300,735,000) respectively.

5 SEGMENT INFORMATION (Continued)

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

	2018	*2017*
	HK$'000	*HK$'000*
Total segment assets	**4,434,462**	4,171,048
Deferred income tax assets	**30,506**	26,325
Available-for-sale financial assets	**147,978**	229,621
Current income tax recoverable	**3,383**	9,816
Total assets	**4,616,329**	4,436,810

6 REVENUE

	2018	2017
	HK$'000	*HK$'000*
Sales of food and beverages	**8,335,340**	7,809,127
Rental income	**48,139**	42,497
Management and service fee income	**11,095**	10,361
Franchise income	**434**	473
Sundry income	**32,391**	32,804
	8,427,399	7,895,262

7 OTHER LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
Dividend income from listed equity investments	**15,818**	12,246
Fair value gain on investment properties, net	**18,800**	400
Loss on disposal of other property, plant and equipment, net	**(20,901)**	(12,893)
Impairment loss of property, plant and equipment	**(32,972)**	(24,798)
Government subsidy	**2,799**	1,897
Forfeiture of deposit relating to disposal of a property	**2,750**	-
	(13,706)	(23,148)

8 EXPENSES BY NATURE

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

	2018	2017
	HK$'000	*HK$'000*
Cost of raw materials and packing	**2,404,317**	2,250,258
Amortisation of leasehold land and land use rights	**2,967**	2,952
Amortisation of intangible assets	**752**	743
Depreciation of property, plant and equipment	**340,727**	309,016
Operating lease rentals in respect of rented premises (including contingent rentals of HK$51,030,000 (2017: HK$58,720,000))	**1,024,580**	930,101
Exchange losses /(gains), net	**748**	(7)
Employee benefit expense (excluding share-based compensation expenses)	**2,635,011**	2,444,498
Share-based compensation expenses	**26,240**	11,373
Auditor's remuneration	**3,759**	3,829
Electricity, water and gas	**394,110**	380,774
Advertising	**77,977**	81,197
Provision for impairment on trade receivables	**195**	565
Sanitation	**112,152**	109,817
Repairs & maintenance	**88,266**	74,901
Other expenses	**732,309**	669,034
	7,844,110	7,269,051
Representing:		
Cost of sales	**7,385,291**	6,838,442
Administrative expenses	**458,819**	430,609
	7,844,110	7,269,051

9 FINANCE INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income	**11,661**	9,619

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% (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**85,142**	92,131
- PRC taxation	**21,085**	9,999
Deferred income tax relating to the origination and reversal of temporary differences	**(2,685)**	7,132
Withholding tax on dividend	**17,880**	-
Under/(over) provision in prior years	**527**	(430)
	121,949	108,832

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:

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax	**581,244**	612,682
Calculated at a taxation rate of 16.5% (2017: 16.5%)	**95,905**	101,093
Effect of different taxation rates in other countries	**5,890**	4,208
Income not subject to taxation	**(10,981)**	(9,885)
Expenses not deductible for taxation purposes	**14,306**	10,220
Recognition of previously unrecognised temporary difference	**(5,943)**	(2,010)
Tax losses not recognised	**4,740**	6,148
Withholding tax on dividend	**17,880**	-
Under/(over) provision in prior years	**527**	(430)
Others	**(375)**	(512)
Taxation charge	**121,949**	108,832

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.

	2018	2017
Profit attributable to equity holders of the Company (HK$'000)	**458,055**	503,827
Weighted average number of ordinary shares in issue ('000)	**579,962**	578,030
Basic earnings per share (HK$ per share)	**HK$0.79**	HK$0.87

(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.

	2018	2017
Profit attributable to equity holders of the Company (HK$'000)	**458,055**	503,827
Weighted average number of ordinary shares in issue ('000)	**579,962**	578,030
Adjustment for share award scheme ('000)	**1,180**	1,053
Adjustment for share options ('000)	**23**	125
	581,165	579,208
Diluted earnings per share (HK$ per share)	**HK$0.79**	HK$0.87

12 DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend, paid, of HK18 cents (2017: HK18 cents) per ordinary share	**105,398**	105,113
Final dividend, proposed, HK63 cents (2017: HK63 cents) per ordinary share	**368,892**	368,762
Special dividend, proposed, of HK35 cents (2017: Nil) per ordinary share	**204,940**	-
	679,230	473,875

A final dividend of HK63 cents per ordinary share and a special dividend of HK35 cents per ordinary share in respect of the year ended 31 March 2018, amounting to total final and special dividends of approximately HK$573,832,000 were proposed. Such final and special 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

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**66,306**	46,508
Less: provision for impairment of trade receivables	**(1,045)**	(850)
Trade receivables – net (Note a)	**65,261**	45,658
Other receivables (Note b)	**126,205**	51,613
	191,466	97,271
Prepayments and deposits	**121,198**	116,327
	312,664	213,598

(a) The Group's sales to customers are mainly on a cash basis. The Group also grants a credit period between 30 to 90 days to certain customers for the provision of the Group's institutional catering services, sales of merchandise for the Group's food manufacturing business and its franchisees.

(b) Other receivables primarily comprise value-added tax recoverables, other receivables from a security logistic company and certain guaranteed deposit notes with a PRC bank. The guaranteed deposit notes amounting to HK$34,956,000 (2017: Nil) were with maturities of 1.5 months at fixed interest rate of 3.2% per annum and were denominated in RMB.

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

The ageing analysis of trade receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**43,600**	27,288
31 – 60 days	**11,529**	12,991
61 – 90 days	**7,052**	2,750
91 – 365 days	**3,183**	2,845
Over 365 days	**942**	634
	66,306	46,508

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**199,337**	206,928
31 – 60 days	**7,118**	2,617
61 – 90 days	**153**	116
Over 90 days	**870**	1,448
	207,478	211,109

15 COMMITMENTS

As at 31 March 2018, the Group had the following capital commitments:

	2018	2017
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**34,691**	67,885
Authorised but not contracted for	**445,157**	545,122
	479,848	613,007

FINAL AND SPECIAL DIVIDENDS

The Board has recommended the payment of a final dividend of HK63 cents per share (FY2016/17: HK63 cents) and a special dividend of HK35 cents per share (FY2016/17: Nil), totaling HK98 cents per share for the year ended 31 March 2018 (FY2016/17: HK63 cents). The proposed final dividend and special dividend are subject to approval by the shareholders of the Company at the annual general meeting ("AGM") to be held on 7 September 2018. Upon shareholders' approval, the proposed dividends will be paid on 21 September 2018 to shareholders whose names shall appear on the register of members of the Company on 13 September 2018.

Together with the interim dividend of HK18 cents per share (FY2016/17: HK18 cents), the total dividend for the year ended 31 March 2018 will amount to HK116 cents per share (FY2016/17: HK81 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 4 September 2018 (Tuesday) to 7 September 2018 (Friday) 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 3 September 2018 (Monday).

For the purpose of determination of entitlement to the final dividend and special dividend, the Register of Members of the Company will be closed on 13 September 2018 (Thursday) on which no transfer of shares will be registered. In order to qualify for the final dividend and special 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 12 September 2018 (Wednesday).

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 2018, 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 2018.

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 2018 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 2018 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 2018, 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 100,055 shares of the Company at a total consideration of about HK$2.5 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, 22 June 2018

As at the date of this announcement, the Board comprises Mr Lo Hoi Kwong, Sunny (Chairman), 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), Ms Lo Pik Ling, Anita and Mr Lo Ming Shing, Ian as executive directors.