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 2024

HIGHLIGHTS

- **The Group's revenue for the year increased to HK$8,691.4 million (FY2022/23: HK$8,024.0 million). Profit attributable to shareholders amounted to HK$330.5 million (FY2022/23: HK$110.4 million). Excluding government pandemic subsidies received last year, profit attributable to shareholders was approximately 4.8 times that of last year.**

- **The Group delivered significantly improved results for the financial year amidst the challenging operating environment in both Hong Kong and Mainland China. Gross profit margin increased substantially to 11.4% (FY2022/23: 8.8%), attributable to our ongoing focus on fine-tuning business models and operations.**

- **All business segments in Hong Kong – Quick Service Restaurants (QSR), Casual Dining and Institutional Catering - recorded better results than in the previous year. QSR raised its performance through product design and promotional offerings, branding campaigns and marketing promotions. Effective cost control, enhanced manpower productivity, digitalisation and automation also contributed to profit margin improvement during the year.**

- **The Mainland China business recovered significantly, with strong same store sales growth and healthy operating margins. Continuous network expansion led to a record number of new shop openings during the year, establishing a solid platform to sustain further business growth throughout the Greater Bay Area.**

- **A final dividend of HK42 cents per share is recommended (FY2022/23: HK28 cents), with a total dividend payout ratio of 101.0% for the year.**

- **Against headwinds caused by slower-than-expected recoveries in the economy and inbound tourism, as well as a northbound shift in consumer spending patterns, the Group recognises the increasingly challenging environment in the second half of the financial year. The Group remains optimistic about its long-term growth, and continues to fine-tune its improved business models that have proven themselves during difficult times.**

* *For identification purposes only*

CHAIRMAN'S MESSAGE

The year under review saw the full recovery of the Group's business in Hong Kong and Mainland China, and a return to steady, disciplined growth in profit margins and network penetration.

The management team delivered strong performance, with growth in margins and our network despite a slower-than-expected recovery in our operating markets. I am pleased to report that the Group delivered revenue of HK$8,691.4 million and profit attributable to shareholders of HK$330.5 million for the year ended 31 March 2024.

A shift in our geopolitical structure is currently affecting economies and lives, with impacts in the form of volatile financial markets and armed conflicts around the world. While it may take some time for the global situation to settle, we will eventually reach a new state of equilibrium. And this is where Hong Kong – with its deeply ingrained entrepreneurial spirit – has always thrived.

I am confident in the Group's continued success. Our commitment to continuous internal improvement in operations, marketing and network expansion have delivered growth in profit margins, and a steady increase in network penetration – even despite a slow local economy hampered by changing post-COVID dining habits and the allure of dining and lifestyle options across the border.

A NEW ERA OF LEADERSHIP

The appointment of our new Chief Executive Officer marks the completion of a decade-long succession programme, transitioning from owner management to a more sustainable leadership model. The previous generation of senior executives have handed the reins over to a talented, proven and enthusiastic team of managers – and we look forward to a new era of sustainable growth in our business.

I must thank our outgoing CEO, Peter Lo, for his leadership and contributions to the Group. Guiding our business through the challenging years of the pandemic, Peter's sharp insight and quick thinking successfully navigated through some of the most difficult economic conditions in recent memory. We are delighted that Peter will remain on the Board of Directors, where his wisdom and experience will continue to benefit our shareholders and our business.

I would also like to welcome Piony Leung to her new role as CEO. Having proved her leadership skills during the past few difficult years, I am more than confident in her ability to grow the business as market conditions return to normal. On behalf of the Board, we wish her every success in her new role, and look forward to seeing the fruits of her leadership.

At the same time, I must express my gratitude to James Yang, our Managing Director for Mainland China, for achieving solid, sustainable business results in a trying market. With strong growth in profit margins and a record number of new store openings last year, I am certain James will continue to lead the business to new heights in the Greater Bay Area (GBA).

POSITIONED FOR GBA GROWTH

Building on 20 years of experience in the GBA, we opened a record 22 new stores in China last year while maintaining overall profit margins – an especially impressive achievement considering the challenging operating environment over the past twelve months. Today, with nearly 550 outlets across Hong Kong and the GBA, we look forward to the Group's future development in this powerhouse regional economy.

This past December, the Board of Directors visited several of our stores in the GBA to see its exciting potential first-hand, and align their commitment to growth in the GBA. During the year, we opened a record number of new stores – and I have personally visited all 22 of them. The possibilities of this dynamic market continue to inspire our future.

As Hong Kong's economy becomes more deeply integrated within the GBA, we expect to see further benefits not only in revenue, but also in terms of cost optimisation and access to human talent. With access to broader, deeper pools of suppliers and labour, the Group will be able to optimise costs while building frontline and management bench strength to fuel long-term, sustainable growth.

ACKNOWLEDGEMENTS

As always, I sincerely thank our management and staff for their dedication and loyalty during the year – their hard work has helped us return to solid growth despite a sluggish economic recovery. I must also thank our Board of Directors, investors, business partners and customers for their continued support.

With the roots of economic recovery in place, and the enthusiasm of a fresh management team, we are already beginning to reap the benefits of sustainable growth. With the right people, the right business and the right conditions in place, I remain fully confident in the Group's long-term prospects and future success.

Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 17 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND HIGHLIGHTS

The Group's revenue for the year ended 31 March 2024 increased by 8.3% to HK$8,691.4 million. Profit attributable to shareholders amounted to HK$330.5 million, compared to that of HK$110.4 million for the year ended 31 March 2023. The Group did not receive any COVID-19 subsidies from the government during the year under review (FY2022/23: HK$40.9 million). Excluding pandemic subsidies, the Group's profit attributable to shareholders was approximately 4.8 times that of FY2022/23.

With the succession of the Group's Chief Executive Officer effective 1 April 2024, we have completed the final step in our 10-year succession plan, transitioning from owner management to a more sustainable leadership model, supported by a vibrant and enthusiastic senior management transition across business units.

The Group delivered significantly improved results for the full financial year amidst the challenging operating environment in both Hong Kong and Mainland China. Our ongoing focus on fine-tuning business models and operations continued to enhance profit margins across the Group, and gross profit margin for the year under review increased substantially to 11.4% (FY2022/23: 8.8%).

In Hong Kong, all business segments – Quick Service Restaurants (QSR), Casual Dining and Institutional Catering – recorded improved results amid slower-than-expected recoveries in the economy and inbound tourism, as well as a northbound shift in consumer spending patterns. QSR raised its performance through product design and promotional offerings, branding campaigns and marketing promotions. Effective cost control, manpower productivity enhancement, digitalisation and automation also contributed to profit margin improvement during the year.

The Casual Dining business adapted to changing consumer dining preferences, attracting diners with menu offerings and marketing promotions. The Institutional Catering business has fully returned to normal operations and growth, and remains the clear market leader in Hong Kong.

The Group's business in the wider Greater Bay Area (GBA) continued to recover with healthy margins, overcoming slower conditions in the local economy during the year with strong same store sales growth. Existing shops maintained healthy performance and stable operations. Building on this solid foundation, the Group opened a record number of 22 new shops in the GBA during the year while maintaining steady profit margins.

This year, we received industry recognition for achievements across the business spectrum. Acknowledging our work in brand building, the Group was honoured as a "Prestigious Brand" at East Week magazine's "Hong Kong Classic Brand Awards 2023". Our Group Brand Campaign "有大家　就有大家樂 (A Taste of Togetherness)" "World Curry Delights" series won 2 awards at the "Kam Fan Awards 2023" organised by The Association of Accredited Advertising Agencies of Hong Kong. Adapting from the same brand campaign platform, our mainland campaign "美味‧樂聚就係要大家樂！(Enjoy happiness at Café de Coral)" won three awards at the "14th (2022-2023) Tiger Roar Awards", the most renowned digital marketing awards in Mainland China. Confirming our focus on service quality, **The Spaghetti House** was named one of the "Quality Service Retailers of the Year" by the Hong Kong Retail Management Association for the eighth consecutive year; and eight of our brands took home awards at the "Hong Kong Service Awards 2024" organised by East Week. The Group was also selected as an "Employer of Choice" by JobMarket for the third year, recognising our efforts to create a dynamic and rewarding working environment for all employees.

Affirming our commitment to sustainability, the Group was selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index with an "AA" rating for the ninth consecutive year. Working toward our long-term sustainability goals, we reduced use of single-use plastic in preparation for the Disposable Plastic Ban which took effect in Hong Kong in April 2024. As an additional behaviour change driver towards a plastic-free lifestyle, our six restaurant brands joined hands to reduce the use of plastic through the launch of our "Love the Earth" campaign, offering limited edition Hello Kitty themed sets of reusable cutlery and accessories. We also continued our "Bon Appetit Café" food assistance programme for the second year, providing HK$12 million worth of food assistance to 4,000 beneficiaries. Introducing a new element to this year's programme, a Lunar New Year celebration feast was held for beneficiaries at **Super Super Congee & Noodles**, spreading warmth and holiday cheer throughout the community.

Against headwinds caused by slower-than-expected recoveries in the economy and inbound tourism, as well as a northbound shift in consumer spending patterns, the Group recognises the increasingly challenging environment in the second half of the financial year. The Group remains optimistic about its long-term growth, and continues to fine-tune its improved business models that have proven themselves during difficult times. Our ongoing focus on internal cost/efficiency/manpower optimisation will continue to bolster margins, amplified by steady, disciplined growth in our store network – supported by our refined business models and integrated branding across the GBA.

RESULTS OVERVIEW

Revenue

For the year ended 31 March 2024, the Group recorded revenue of HK$8,691.4 million, a 8.3% increase as compared to HK$8,024.0 million in FY2022/23. Revenue by business division is set out below:

	FY2023/24	FY2022/23	**Change**
	HK$'m	*HK$'m*	***%***
Hong Kong			
Quick Service Restaurants	**5,138.1**	4,808.4	**6.9**
Casual Dining	**879.2**	857.8	**2.5**
Institutional Catering	**1,019.6**	863.9	**18.0**
Others*	**139.2**	170.4	**(18.3)**
Subtotal	**7,176.1**	6,700.5	**7.1**
Mainland China	**1,515.3**	1,323.5	**14.5**
Group	**8,691.4**	8,024.0	**8.3**

** Mainly represents income from food processing and distribution and rental income*

Gross Profit Margin

Gross profit margin increased to 11.4% during the year (FY2022/23: 8.8%), primarily due to effective cost control and manpower productivity enhancement.

Administrative Expenses

Administrative expenses increased by 3.5% to HK$503.2 million (FY2022/23: HK$486.1 million).

Key Costs

The breakdown of major expenses is set out below:

	FY2023/24		FY2022/23	
	HK$'m	***% of revenue***	*HK$'m*	*% of revenue*
Cost of raw materials and packing	**2,384.6**	**27.4**	2,307.3	28.8
Staff cost	**2,914.7**	**33.5**	2,701.2	33.7
Rental costs*	**959.3**	**11.0**	913.3	11.4

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

Other Income and Other Losses, Net

Other income and other losses, net increased by HK$20.5 million, mainly because the Group did not receive any COVID-19 subsidies from the government during the year (FY2022/23: HK$40.9 million).

Income Tax Expense

Income tax expense increased by 70.7% to HK$56.3 million (FY2022/23: HK$33.0 million).

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders increased 199.5% to HK$330.5 million for the year ended 31 March 2024 (FY2022/23: HK$110.4 million), primarily due to improvement of profit margin through effective cost control and manpower productivity enhancement. Excluding government COVID-19 subsidies, the Group's profit attributable to equity holders increased by 376.1%.

	FY2023/24	FY2022/23	**Change**
	HK$'m	*HK$'m*	***%***
Profit Attributable to Equity Holders	**330.5**	110.4	**199.5**
If excluding:			
COVID-19 subsidies	**-**	(40.9)	
Adjusted net profit	**330.5**	69.5	**376.1**
If excluding:			
Fair value loss on investment properties	**31.9**	20.1	
	362.4	89.6	**304.8**

Segment Results

Hong Kong segment results increased 32.0% to HK$618.9 million in FY2023/24 (FY2022/23: HK$468.8 million) and Mainland China segment results increased 42.2% to HK$179.4 million (FY2022/23: HK$126.2 million) during the year.

Basic Earnings Per Share
The Group's basic earnings per share increased 200.0% to HK57 cents for the year ended 31 March 2024 (FY2022/23: HK19 cents).

Dividend
The Board has recommended the payment of a final dividend of HK42 cents per share to shareholders for the year ended 31 March 2024 (FY2022/23: HK28 cents). Together with the interim dividend of HK15 cents per share paid during the year, the dividend payout ratio for the year is 101.0%, maintaining a traditionally high level reflecting the Group's sustainable, healthy operations and strong financial position.

BUSINESS REVIEW

As of 31 March 2024, the Group had a network of 380 stores in Hong Kong (31 March 2023: 376) and 171 stores in Mainland China (31 March 2023: 153).

Hong Kong Retail Operations

Quick Service Restaurants (QSR)
Revenue from the QSR division increased by 6.9% to HK$5,138.1 million during FY2023/24 (FY 2022/23: HK$4,808.4 million). Focusing on mass-market appeal with value meals, limited time offers, well-received Hero products, as well as high perceived value ranges and new target segmenting, **Café de Coral** fast food and **Super Super Congee & Noodles** continued to deliver same store sales growth of 3% and 6%, respectively. The business contributed 59.1% of the Group's total revenue for the reporting year, operating 219 total shops at 31 March 2024 (31 March 2023: 216).

During the year under review, daytime business at **Café de Coral** fast food fully recovered to pre-pandemic levels. Popular campaigns for healthy oat milk eggs and international curry dishes drew strong public response, while innovative new items including baked salted-egg BBQ pork rice became the talk of the town with their East-meets-West flavour concepts, renovating our Hero Baked Rice Series. Offering solid value for customers in an uncertain economy, we introduced "flash" promotions throughout the year to drive transactions, including highly popular winter melon promotions riding on the July 1st Establishment Day and October 1st National Day holidays.

Dinner service recorded positive year-on-year growth, although at a relatively slower pace due to changing dining preferences – building on a highly successful sizzling plate series during the summer season, as well as a hotpot promotion during the winter season.

Successful brand building efforts, including our award-winning "有大家　就有大家樂 (A Taste of Togetherness)" campaign, celebrated our local roots and unique Hong Kong-style fast food to achieve top-of-mind awareness in dining preferences. As part of our integrated marketing strategy, the campaign has been adapted to support the latest Baked Rice campaign for the launch of salted-egg BBQ pork rice, and has also been extended to address younger generations with a distinct spin-off in creative style and approach for the "World Curry Delights" series. Our brand campaign was a finalist in the "Effie Awards Greater China 2023", and the "World Curry Delights" campaign earned two Bronze awards at the "Kam Fan Awards 2023" hosted by the Association of Accredited Advertising Agencies of Hong Kong.

The business continued to adjust and fine-tune operating models with a focus on manpower efficiency, food cost, direct manufacturing cost, packaging cost and other areas – resulting in significant cost savings while maintaining our customer experience.

Enhancements in digitalisation and automation saw ordering kiosks installed in 95% of all shops, with a steady uptake in customer usage. Robots have been deployed at larger stores, which lower manpower cost and free up staff to focus on providing a better customer experience.

Enrolment in our Club 100 membership programme reached 1.6 million registered users this year. During the year, our mobile ordering app was integrated with the Club 100 app, providing a frictionless user experience for customers. At the same time, trials in reaching out to members in different segments through our Customer Data Platform have generated positive results to further uplift customers' digital experience. Reinforcing the programme's success, Club 100 earned two Silver awards at the "Loyalty Engagement Awards 2023", as well as the "Best Use of Mobile Strategy" Award at "Digital Ex 2023" hosted by Metro Finance. We have also created joint promotions with membership programmes of companies in different industries, including the transportation and financial sectors. The Group also began accepting mobile orders through WeChat China, making ordering and payment more convenient for customers from Mainland China.

Leveraging technology to address a tight labour market, we digitised operations and communications between stores and back office, freeing up staff on the sales floor to serve our customers better – resulting in a record high score in AC Nielsen's mystery shopper survey in 2024.

Super Super Congee & Noodles focused on driving brand awareness and sales growth by highlighting their variety of Hero products – congee dishes, claypot dishes and claypot rice. Combined with value-for-money offers such as a Hainan chicken rice promotion, refreshed media and communication strategies with key influencers have successfully targeted younger customer segments. At the same time, in-store activation initiatives and seasonal items including a chicken mascot tour, wonton lucky draw campaign, claypot-rice-man performances and red packet premiums and events have driven additional sales.

Café de Coral fast food opened 7 new stores, ending the year with 172 stores (31 March 2023: 169). **Super Super Congee & Noodles** opened 1 new store, operating 47 stores at the end of the financial year (31 March 2023: 47). At present, 8 new QSR shops are in the pipeline. Branch re-imaging is also in progress to vitalise our brand image, and 9 branches have been renovated this year with more scheduled for completion in the coming months.

Casual Dining

The Casual Dining business has returned to growth. Revenue increased by 2.5% during the year to HK$879.2 million (FY2022/23: HK$857.8 million).

Management has been refining the core business and driving margin improvement across all brands, with strategic menu design to keep food costs competitive, introducing and tapping into new segments like vegetarian and meat-alternative offerings, focusing on Hero product promotions and increasing digitalisation to boost operational efficiency. In addition to product promotional campaigns, **Shanghai Lao Lao** received positive response for the launch of its first television commercial – highlighting the brand's dedication to craftsmanship, and its deep relationships with customers. These efforts have continued to drive business performance, despite a challenging market facing changes in consumer dining habits, a slower-than expected recovery in inbound tourism and a northbound shift in consumer spending patterns.

After rationalising the branch portfolio to focus on high-performing locations, the division operated 62 shops at the end of the financial year (31 March 2023: 66). **Mixian Sense** opened 3 new shops, and together with **Shanghai Lao Lao** the two brands operated 18 and 12 stores, respectively, as of 31 March 2024. **The Spaghetti House** operated 7 shops at the end of the year (31 March 2023: 8), while **Oliver's Super Sandwiches** operated 20 stores at the financial year end (31 March 2023: 21).

Institutional Catering

The Institutional Catering business saw a return to normal operations and growth during the year under review, with revenue increasing by 18.0% to HK$1,019.6 million (FY2022/23: HK$863.9 million). Leveraging its market leadership position as a preferred strategic partner to build scale, **Asia Pacific Catering** ended the year with 99 operating units (31 March 2023: 94).

Normal operating conditions have returned to the school sector. Expanded market share in international school and primary/secondary school networks as well as resumption of visitor dine-in service at hospitals contributed to significant business improvement during the year. The global economic downturn has impacted the government/public/private institutions sector, as key business partners such as shipping and air freight operators face volatile market conditions.

The business successfully renewed most of its major contracts and signed a number of new contracts during the year under review. Building on its strength as the clear leader in the institutional catering segment, the Group will continue to grow market share by providing a wide range of high-value menu offerings and customer-focused service.

As the largest school lunch supplier in Hong Kong, **Luncheon Star** has earned the trust and support of customers over many years. With a clear focus on food safety, we are dedicated to providing hygienic, nutritionally balanced and delicious lunches to growing students.

Building on its scale and reputation in the industry, the Group is confident in growing the institutional catering business over the long term. We will place new focus on polishing our customer experience to drive more in-store traffic, while increasing sales through menu management and joint customer promotions.

Mainland China Operations

Marking a solid return to pre-pandemic performance levels, revenue from Mainland China operations increased by 14.5% to HK$1,515.3 million (FY2022/23: HK$1,323.5 million). Revenue from the South China fast food business increased by 20.6% to RMB1,352.0 million, with same store sales growth of 11%. The RMB depreciated against the Hong Kong Dollar by approximately 4% during the year.

Although Mainland China's economy experienced challenges, the Group's business recovered significantly, and performance continued to improve throughout the year. The business benefitted from its focus on the vast mass-market segment in the GBA. In addition, branding efforts contributed to healthy growth in guest numbers, while efficiency programmes helped to optimise margins across all stores.

A key strategic focus is the continuous expansion of our store network in the GBA. Despite the pre-opening costs and slower operating margins associated with opening new stores, the Group was able to maintain healthy operating margins while opening a record number of 22 stores. This represents net growth of 18 stores during the year, expanding our branch network to 171 stores (31 March 2023: 153) while building on a steady foundation of stable performance from existing stores. We have also made great progress in reducing store capex investment through design optimisation and standardisation. With 12 new shops in the pipeline, we continue to seek prime locations for network expansion throughout the GBA.

Striving for constant innovation in our core products, we have introduced new products targeting younger customers, as well as Hero products and limited time offers for "Spicy Hainan Chicken", "Cage Steamed Rice" and other new dinner items that proved popular with diners. Kids' meals featuring popular licensed characters helped to solidify our position in the family segment.

The breakfast segment continued to grow, building strong momentum. Positioning the brand as a neighbouring gathering spot for breakfast has attracted a large and loyal customer base that continues to expand. We have also targeted busy workers, offering unique take-away breakfast products paired with convenient mobile ordering services, creating a popular online-to-offline channel for breakfast.

Adapting the Group's "有大家　就有大家樂 (A Taste of Togetherness)" campaign for the local market, we have run the "美味・樂聚就係要大家樂！(Enjoy happiness at Café de Coral)" campaign since 2022, which has rejuvenated the brand with over 200 million views on TikTok. The campaign boosted brand awareness and drove sales, and also won three awards at the "14th (2022-2023) Tiger Roar Awards", the most renowned digital marketing awards in Mainland China.

Margin improvement is being driven through constant enhancements in pricing strategy, menu management, strategic sourcing and food cost controls. Similarly, long-term efforts in automation and digitalisation continue to improve efficiency and productivity. As digital channels now account for around 60% of orders, we upgraded our mobile ordering system to enhance the user experience, and are constantly exploring opportunities to optimise and streamline processes around digital orders.

Since launching our membership programme in Mainland China in 2022, we have enrolled more than 4.6 million members, who now contribute a significant portion of total sales revenue. Our Customer Relationship Management platform allows us to address specific customer segments with targeted marketing campaigns.

The Group's consistent focus on food safety has examined and improved nearly every aspect of the supply chain in recent years – from suppliers' sourcing and central processing to store delivery and restaurant preparation – earning strong, positive feedback from customers.

Internally, our efforts to improve organisational efficiency, streamline processing flows and control overhead through digitalisation continued to deliver results. The Group won the "Best Digital Practice Award for National Human Resources 2023" in recognition of our efforts to improve efficiency through office automation and develop staff capabilities to support long-term, sustainable growth.

FINANCIAL REVIEW

Financial Position

The Group's financial position remained healthy during the year under review. As of 31 March 2024, the Group had cash of approximately HK$1,261 million, with HK$1,081 million in available banking facilities. The Group's current ratio as of the same date was 0.9 (31 March 2023: 0.8) and the cash ratio was 0.7 (31 March 2023: 0.6). The Group had borrowings of HK$385 million (31 March 2023: HK$980 million) and a gearing ratio of nil (ratio of total borrowing less cash and cash equivalents to total equity) (31 March 2023: nil).

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure (excluding right-of-use assets) was HK$318 million (FY2022/23: HK$465 million). As at 31 March 2024, the Group's outstanding capital commitments were HK$516 million (31 March 2023: HK$531 million).

Contingent Liabilities

As of 31 March 2024, the Company provided guarantees of approximately HK$1,920 million (31 March 2023: HK$2,226 million) to financial institutions in connection with banking facilities granted to its subsidiaries. The Group had no charge on assets as of 31 March 2024 (31 March 2023: nil).

Financial Risk Management

With regard to foreign exchange fluctuations, the Group earned revenue and incurred costs and expenses mainly denominated in Hong Kong Dollars, while those of our Mainland China businesses were in Renminbi. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

HUMAN RESOURCES

As of 31 March 2024, the Group had a workforce of 19,569 employees (31 March 2023: 19,555).

Being part of the Group's transitioning from owner management to a more sustainable professional model, senior management transition at leadership level and across business units has been successfully completed. This is crucial for the Group's long-term development and growth. For the rest of the team, a systematic selection and promotion mechanism is well-established to identify and develop future leaders.

Extensive training is provided to staff to raise workforce competitiveness and to differentiate the Group as an employer of choice. Qualifications Framework accredited training on shift and store management is provided to potential branch managers. Tailored mindset and management training such as situational leadership and positive leadership, is provided to regional and branch managers. Current and important topics including AI transformation, anti-deception, IT security, anti-bribery and corruption are offered to staff to boost awareness and knowledge.

The Group reviews internal equity and market benchmarking on pay level regularly. Remuneration at all staff levels is based on individual experience, qualifications, duties and responsibilities. Qualified employees are entitled to participate in profit-sharing bonus and performance incentive plans, and Long-Term Incentive schemes to reward staff for their contributions and achievements.

A journey of process improvement and technology adaptation is continuously improving organisational efficiency and staff work experience. Internal processes are challenged and streamlined, while workflows have been digitalised especially between branches and head office. Meanwhile, smart office and HR systems are continuously being upgraded and improved.

The staff fun club is stepping into its ninth year, supported by volunteer members from all business units and departments. It was set up to unite our workforce across a wide geographic span and vastly different roles. A broad range of activities are organised to promote staff engagement and well-being, including team building, recreational and entertainment events or classes. Staff of different backgrounds and ethnicities are embraced through these fun activities, which also build engagement and support in their daily work environment.

Faced with structural shrinkage of the labour force in Hong Kong, the Group has continued to focus on resourcing, with effective mechanisms to support recruitment like promotions at job fairs, forming partnership with NGOs and internally promoting staff referrals through our bonus scheme.

The Group has been recognised with a number of awards for our efforts to build a positive, safe and diverse workplace that fosters personal and professional growth. 2023/24 marked the fifth year we received a "Happy Company Label" by the Promoting Happiness Index Foundation and the Chinese Manufacturers' Association of Hong Kong, the third year we were recognised at the "Best HR Awards 2023" organised by CTgoodjobs and the "Employer of Choice Award" organised by JobMarket.

SUSTAINABILITY

The Group remains strongly committed to ESG (Environmental, Social and Governance) initiatives as a core component of our strategy and operations. We have been a constituent of the Hang Seng Corporate Sustainability Benchmark Index for nine consecutive years with an "AA" rating. Our efforts were recognised at the "ESG Excellence Awards 2023", organised by EDigest and The Chinese University of Hong Kong Business School; and the Group also brought home the Diamond Award and won the "Outstanding Performance in ESG Governance" category at this year's "ESG Benchmark Awards" organised by the Institute of ESG & Benchmark. In May 2024, one of our QSR outlets won the highest-level "Three Leaf" award in Swire Properties' Green Kitchen Initiative, marking a significant achievement in green operations for the Group.

The Group's Hong Kong operations surpassed our annual sustainability targets this year, already meeting 2024/25 reduction goals for energy consumption, greenhouse gas emissions, water usage and food waste – one year ahead of the original timeline.

Since implementing food waste segregation at all our outlets in 2020/21, we have been actively seeking recycling opportunities. During the year under review, we expanded our recycling network, increasing the recycling rate of food waste produced from our Hong Kong operations from 27% to 40%, equivalent to 2,643 tonnes of food waste.

Through a coordinated strategy to reduce single-use plastic, the Group discontinued the use of plastic utensils for takeaway meals at all dining outlets a full week before the Disposable Plastic Ban in effect on 22 April 2024. Secondly, six of our restaurant brands joined hands with Hello Kitty to launch the "Love the Earth" campaign, a reusable cutlery redemption programme encouraging customers to reduce reliance on single-use utensils. The campaign drew massive publicity and awareness to the Group's efforts in this area. Taking the programme a step beyond non-plastic cutlery, we also introduced a "Bring Your Own Cup" pilot programme, inviting customers to bring their own reusable cups for takeaway beverages.

Expanding the scope of our "Bon Appetit Café" food assistance programme for its second year, the Group reached out to 4,000 beneficiaries with an emphasis on caregivers – providing a total of HK$12 million in food assistance to support the underprivileged. Introducing a new element to this year's programme, a Lunar New Year celebration feast was held for beneficiaries at **Super Super Congee & Noodles**, spreading warmth and holiday cheer throughout the community.

Full details of our sustainability programmes can be found in the Group's Sustainability Report 2023/24.

OUTLOOK

Against headwinds caused by slower-than-expected recoveries in the economy and inbound tourism, as well as a northbound shift in consumer spending patterns, the Group recognises the increasingly challenging environment in the second half of the financial year. The Group remains optimistic about its long-term growth, and continues to fine-tune its improved business models that have proven themselves during difficult times.

In Hong Kong, we are actively exploring strategies that thrive under challenging market conditions. We will continue to highlight perceived value for money through limited time special offers, value meals and other customer reward promotions, supported by multi-channel brand building campaigns showcasing signature dishes.

Putting technology into action, the Group will focus on digitalisation as a key strategy to build brand affiliation; enhance our customer experience and service; effectively target new, younger customer segments through new products like meat-alternative, high protein and low carbohydrate offerings; and generate online sales revenue through kiosks and mobile ordering apps. We will continue to leverage our ecommerce channel, eatCDC.com, and other partner platforms to support seasonal holidays such as Christmas, the Mid-Autumn Festival and Winter Solstice, as well as promotional offers for consumers.

Margin optimisation remains the key to driving profit. Against the backdrop of a slower-than-expected economic recovery, labour, food and supply chain costs have risen – placing additional pressure on margins. Moving proactively, we have set up a task force to address food costs through strategic sourcing, menu and product offerings, business planning and execution. Taking advantage of improved business models, the two fast food brands will continue to expand their networks in Hong Kong, as the current adjustment in the property market presents opportunities for network growth and penetration.

Our Club 100 membership strategy has yielded positive results, deepening customer relationships, brand affiliation and engagement. Strengthening our VIP programmes with an enhanced customer journey and additional features will be pivotal in driving this strategy forward, and taking membership levels to new heights.

In Mainland China, the Group's strategic focus remains firmly on the disciplined and sustainable expansion of the store network. We remain confident that our positioning in the fast-casual dining sector will give us room to grow as the market continues to develop. The Group is committed to growth in our natural home market of Guangdong – the largest provincial economy in Mainland China – and building on this competitive edge to expand throughout the GBA.

We will continue to add value by enhancing efficiency and productivity to reduce operating costs and grow margins, improving training to boost quality and customer service, supported by effective marketing to drive sales – increasing our competitiveness for the future. We are confident that our diversified business and multi-brand platform offer a wide range of dining options catering to different customer segments, providing a solid foundation for sustainable business growth in Hong Kong and Mainland China.

RESULTS

The audited consolidated results of Café de Coral Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2024, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT
- BY FUNCTION OF EXPENSE
FOR THE YEAR ENDED 31 MARCH 2024

	Note	**2024** **HK$'000**	2023 *HK$'000*
Revenue	*6*	**8,691,449**	8,024,044
Cost of sales	*8*	**(7,702,163)**	(7,321,395)
Gross profit		**989,286**	702,649
Other income and other (losses)/gains, net	*7*	**(33,257)**	(12,733)
Administrative expenses	*8*	**(503,213)**	(486,079)
Operating profit		**452,816**	203,837
Finance income	*9*	**45,304**	38,847
Finance costs	*9*	**(108,592)**	(98,508)
Profit before income tax		**389,528**	144,176
Income tax expense	*10*	**(56,313)**	(32,989)
Profit for the year		**333,215**	111,187
Profit attributable to:			
Equity holders of the Company		**330,454**	110,353
Non-controlling interests		**2,761**	834
		333,215	111,187
Earnings per share for profit attributable to the equity holders of the Company			
Basic	*11(a)*	**HK$0.57**	HK$0.19
Diluted	*11(b)*	**HK$0.57**	HK$0.19
Dividends (HK$'000)	*12*	**333,852**	222,567

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	2024 *HK$'000*	2023 *HK$'000*
Profit for the year	**333,215**	111,187
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Exchange differences arising from translation of foreign subsidiaries	**(22,223)**	(35,710)
Items that will not be reclassified to profit or loss		
Revaluation surplus of property, plant and equipment and right-of-use assets prior to transferring to investment properties	**35,971**	53,447
Remeasurement of retirement benefit liabilities and provision for long service payments	**(2,509)**	(10,471)
Fair value loss on financial assets at fair value through other comprehensive income	**(12,247)**	(9,185)
Total comprehensive income for the year	**332,207**	109,268
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**329,446**	108,434
– Non-controlling interests	**2,761**	834
	332,207	109,268

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	As at 31 March 2024 HK$'000	As at 31 March 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,552,675**	1,617,702
Right-of-use assets		**2,366,096**	2,413,162
Investment properties		**440,300**	559,200
Intangible assets		**1,116**	1,153
Deferred income tax assets		**66,214**	62,955
Financial assets at fair value through other comprehensive income		**74,499**	86,746
Retirement benefit assets		**4,208**	3,098
Non-current prepayments and deposits		**301,550**	303,725
		4,806,658	5,047,741
Current assets			
Inventories		**230,288**	268,243
Trade and other receivables	*13*	**152,510**	138,036
Prepayments and deposits	*13*	**62,808**	44,832
Current income tax recoverable		**712**	4,510
Cash and cash equivalents		**1,260,948**	1,671,978
		1,707,266	2,127,599
Total assets		**6,513,924**	7,175,340
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**58,570**	58,570
Share premium		**621,122**	621,122
Shares held for share award scheme		**(73,722)**	(98,979)
Other reserves		**547,402**	522,679
Retained earnings			
- Proposed dividends		**245,996**	163,997
- Others		**1,500,480**	1,516,205
		2,899,848	2,783,594
Non-controlling interests		**10,665**	8,469
Total equity		**2,910,513**	2,792,063

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2024

	Note	As at 31 March 2024 HK$'000	As at 31 March 2023 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**32,860**	32,946
Provision for long service payments		**68,398**	62,080
Lease liabilities		**1,289,060**	1,508,455
Long-term borrowings		**305,000**	-
		1,695,318	1,603,481
Current liabilities			
Trade payables	*14*	**210,767**	225,881
Other creditors and accrued liabilities		**804,370**	798,895
Current income tax liabilities		**38,889**	14,441
Lease liabilities		**774,067**	760,629
Current portion of long-term borrowings		**80,000**	899,950
Short-term borrowings		**-**	80,000
		1,908,093	2,779,796
Total liabilities		**3,603,411**	4,383,277
Total equity and liabilities		**6,513,924**	7,175,340
Net current liabilities		**(200,827)**	(652,197)
Total assets less current liabilities		**4,605,831**	4,395,544

Notes:

1 GENERAL INFORMATION

Café de Coral Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda with limited liability on 1 October 1990. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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

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

These consolidated financial statements are presented in Hong Kong dollars (HK$), unless otherwise stated, and have been approved for issue by the Board of Directors on 17 June 2024.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income ("FVOCI") and defined benefit scheme plan assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements, are disclosed in note 4.

The Group's management regularly monitors current and expected liquidity requirements to ensure that sufficient reserves of cash and adequate amount of banking facilities are available to meet the Group's liquidity requirements in the short and long term. As at 31 March 2024, the Group's current liabilities exceeded its current assets by HK$200,827,000 (2023: HK$652,197,000). This net current liabilities position was mainly attributable to the recognition of lease liabilities of HK$774,067,000 (2023: HK$760,629,000) in current liabilities and HK$1,289,060,000 (2023: HK$1,508,455,000) in non-current liabilities, while the associated right-of-use assets of HK$2,366,096,000 (2023: HK$2,413,162,000) were recognised in non-current assets accordance with HKFRS 16 "Leases". Management believes that there is no significant liquidity risk in view of the available bank facilities and cash and cash equivalents held. In addition, the directors regularly review the liquidity position of the Group to ensure all covenants with banks are compiled with at all times. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements have been prepared on a going concern basis.

3 ACCOUNTING POLICIES

3.1 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing on 1 April 2023:

- Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”
- Amendments to HKAS 8 “Definition of Accounting Estimates”
- Amendments to HKAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”
- Amendments to HKAS 12 “International Tax Reform – Pillar Two Model Rules”
- HKFRS 17 “Insurance Contracts” and the related Amendments
- HKFRS 17 “Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information”

The adoption listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

3 ACCOUNTING POLICIES (Continued)

3.2 New and amended standards and interpretation not yet adopted by the Group

Certain amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by the management.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Chinese Renminbi ("RMB").

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the directors are of the opinion that the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

(b) Interest rate risk

The Group has no significant interest-bearing assets except for bank deposits and bank borrowings, the income and operating cash flows of which are substantially independent of changes in market interest rates.

Interest rate risk mainly arises from bank deposits and bank borrowings at variable interest rates which are subject to cash flow interest rate risk.

As at 31 March 2024, if interest rates had been increased/decreased by 0.5% with all other variables held constant, the Group's profit for the year would have been decreased/increased by HK$1,607,000 (2023: HK$4,091,000) and increased/decreased by HK$2,493,000 (2023: HK$2,750,000), as a result of the changes in the interest expenses on bank borrowings and interest income on bank deposits.

(c) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified on the consolidated statement of financial position as financial assets at FVOCI. The Group has not mitigated its price risk arising from these financial assets.

For the Group's financial assets that are publicly traded, the fair value is determined with reference to quoted market prices. For the Group's financial assets that are not publicly traded, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Price risk (Continued)

As at 31 March 2024, if the price of the listed equity securities (financial assets at FVOCI) had increased/decreased by 10% with all other variables being held constant, the Group's FVOCI investment reserve would have increased/decreased by HK$7,450,000 (2023: HK$8,675,000).

(d) Credit risk

(i) Risk management

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, deposits with bank and financial institutions, as well as credit exposures to customers and debtors, including trade and other receivables.

Credit risk is managed on a group basis. Majority of the Group's bank balances and deposits are placed in banks and financial institutions which are independently rated with investment grade credit rating (Moody's: Baa3 or above; Standard & Poor's: BBB- or above; Fitch: BBB- or above). Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. Therefore, expected credit loss rate of cash at bank is assessed to be nominal and no provision was made as at 31 March 2024 and 31 March 2023.

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 the recorded allowance and the directors are of the opinion that expected credit loss rate of these balances is nominal and no provision was made as at 31 March 2024 and 31 March 2023.

There is no concentration of credit risk as the Group's bank balances and deposits are deposited in over ten financial institutions with investment grade credit ratings, and the Group has a large number of counterparties for rental deposits, trade and other receivables. Management does not expect any losses from non-performance by these financial institutions and counterparties.

(ii) Impairment of financial assets

The Group has three main types of financial assets that are subject to the expected credit loss model:

(1) Cash and cash equivalents;
(2) Trade receivables; and
(3) Other financial assets measured at amortised costs (including deposits and other receivables)

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

(1) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, as all financial institutions are rated with investment grade credit rating, the identified impairment loss was immaterial.

(2) Trade receivables

Trade receivables of the Group are subject to the expected credit loss model. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due.

The expected loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the fixed investment growth rate of Hong Kong and Mainland China to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On the basis, expected loss rate of trade receivables is assessed to be close to zero, as at 31 March 2024 and 31 March 2023. In respect of trade receivables, the loss allowance as at 31 March 2024 and 31 March 2023 was determined as follows:

31 March 2024	**0 – 30 days HK$'000**	**31 – 60 days HK$'000**	**61 – 90 days HK$'000**	**91 – 365 days HK$'000**	**Over 365 days HK$'000**	**Total HK$'000**
Gross carrying amount – Trade receivables	**68,980**	**12,262**	**4,217**	**3,971**	**83**	**89,513**
Loss allowance	**-**	**-**	**-**	**-**	**(83)**	**(83)**

31 March 2023	0 – 30 days HK$'000	31 – 60 days HK$'000	61 – 90 days HK$'000	91 – 365 days HK$'000	Over 365 days HK$'000	Total HK$'000
Gross carrying amount – Trade receivables	51,900	14,409	4,724	4,837	74	75,944
Loss allowance	-	-	-	(2)	(74)	(76)

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

(2) Trade receivables (Continued)

A credit-impaired financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due or it becomes probable the counterparty will enter bankruptcy. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due. Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(3) Other financial assets measured at amortised costs (including deposits and other receivables)

Other financial assets at amortised costs include the deposits and other receivables excluding prepayments. The credit quality of other financial assets at amortised costs has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Other financial assets at amortised costs are considered to be low credit risk where they have a low risk of default and the counterparties have strong capacities to meet their contractual cashflow obligations in the near term. Management compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition and considers that their credit risks have not increased significantly since initial recognition. Management is of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of the other financial assets at amortised costs is assessed to be nominal and no provision was made as at 31 March 2024 and 31 March 2023.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(e) Liquidity risk

Prudent liquidity risk management, after considering the expected market conditions, 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. As at 31 March 2024, the Group had total banking facilities amounting to HK$1,627,459,000 (2023: HK$2,016,350,000) of which HK$546,783,000 were utilised (2023: HK$1,143,460,000). As at 31 March 2024, the Group had available unutilised banking facilities of HK$1,080,676,000 (2023: HK$872,890,000).

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

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

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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 March 2024					
Trade payables	**210,767**	**-**	**-**	**-**	**210,767**
Other creditors and accrued liabilities (excluding non-financial liabilities)	**570,915**	**-**	**-**	**-**	**570,915**
Lease liabilities	**843,009**	**601,660**	**710,840**	**55,758**	**2,211,267**
Bank borrowings	**87,007**	**85,349**	**226,987**	**-**	**399,343**
	1,711,698	**687,009**	**937,827**	**55,758**	**3,392,292**

	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 March 2023					
Trade payables	225,881	-	-	-	225,881
Other creditors and accrued liabilities (excluding non-financial liabilities)	580,099	-	-	-	580,099
Lease liabilities	838,402	640,692	881,941	77,629	2,438,664
Bank borrowings	994,135	-	-	-	994,135
	2,638,517	640,692	881,941	77,629	4,238,779

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management (Continued)

During the year ended 31 March 2024, the Group monitor capital on basis of gearing ratio, which is calculated based on total borrowings less cash and cash equivalents divided by total equity.

As at 31 March 2024 and 31 March 2023, as the Group is in a net cash position of HK$875,948,000 and HK$692,028,000 respectively, management considers that the Group's capital risk is minimal.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 March 2024:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Financial assets at fair value through other comprehensive income		
– Listed equity investments *	**74,499**	**74,499**

The following table presents the Group's financial assets that are measured at fair value at 31 March 2023:

	Level 1 *HK$'000*	Total *HK$'000*
Assets		
Financial assets at fair value through other comprehensive income		
– Listed equity investments *	86,746	86,746

* Amount represented the equity investment in Tao Heung Holdings Limited.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

5 SEGMENT INFORMATION

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

The Chief Executive Officer of the Group reviews the Group's internal reporting in order to allocate resources amongst different segments. He assesses the business principally from a geographical perspective including Hong Kong and Mainland China. Segment result as presented below represents operating profit excluding fair value changes on investment properties, depreciation and amortisation(excluding depreciation for right-of-use assets – properties), and reversal of impairment loss and impairment loss of property, plant and equipment and right-of-use assets; and including finance cost of lease liabilities.

5 SEGMENT INFORMATION (Continued)

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

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
Year ended 31 March 2024			
Total segment revenue	**7,181,814**	**1,625,812**	**8,807,626**
Inter-segment revenue *(Note i)*	**(5,746)**	**(110,431)**	**(116,177)**
Revenue (from external revenue) *(Note ii)*	**7,176,068**	**1,515,381**	**8,691,449**
Represented by timing of revenue recognition:			
- At a point in time	**7,143,692**	**1,515,373**	**8,659,065**
- Over time	**32,376**	**8**	**32,384**
	7,176,068	**1,515,381**	**8,691,449**
Segment results *(Note iii)*	**618,894**	**179,421**	**798,315**
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(314,809)**	**(79,381)**	**(394,190)**
Fair value loss on investment properties	**(31,900)**	**-**	**(31,900)**
Reversal of impairment loss of property, plant and equipment	**4,320**	**-**	**4,320**
Impairment loss of property, plant and equipment	**(6,223)**	**-**	**(6,223)**
Impairment loss of right-of-use assets	**(2,290)**	**-**	**(2,290)**
Finance income	**43,486**	**1,818**	**45,304**
Finance cost on bank borrowings	**(23,808)**	**-**	**(23,808)**
Income tax expense	**(31,879)**	**(24,434)**	**(56,313)**

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
Year ended 31 March 2023			
Total segment revenue	6,704,615	1,429,472	8,134,087
Inter-segment revenue *(Note i)*	(4,098)	(105,945)	(110,043)
Revenue (from external revenue) *(Note ii)*	6,700,517	1,323,527	8,024,044
Represented by timing of revenue recognition:			
- At a point in time	6,655,471	1,323,527	7,978,998
- Over time	45,046	-	45,046
	6,700,517	1,323,527	8,024,044
Segment results *(Note iii)*	468,828	126,163	594,991
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	(313,008)	(81,766)	(394,774)
Fair value loss on investment properties	(20,100)	-	(20,100)
Impairment loss of property, plant and equipment	(15,623)	(6,301)	(21,924)
Impairment loss of right-of-use assets	(13,973)	(8,758)	(22,731)
Finance income	37,597	1,250	38,847
Finance cost on bank borrowings	(30,133)	-	(30,133)
Income tax expense	(24,166)	(8,823)	(32,989)

5 SEGMENT INFORMATION (Continued)

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

(ii) The Group has a large number of customers. For the years ended 31 March 2024 and 2023, no revenue was derived from transactions with a single external customer representing 10% or more of the Group's total revenue.

(iii) Information of segment results

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

	Hong Kong	**Mainland China**	**Group**
	HK$'000	***HK$'000***	***HK$'000***
Year ended 31 March 2024			
Depreciation – right-of-use assets – properties	**694,302**	**111,274**	**805,576**
Finance cost of lease liabilities	**64,966**	**19,818**	**84,784**
Year ended 31 March 2023			
Depreciation – right-of-use assets – properties	683,440	99,014	782,454
Finance cost of lease liabilities	49,732	18,643	68,375

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

	2024	2023
	HK$'000	*HK$'000*
Segment results	**798,315**	594,991
Depreciation and amortisation (excluding depreciation of right-of-use assets – properties)	**(394,190)**	(394,774)
Fair value loss on investment properties	**(31,900)**	(20,100)
Reversal of impairment loss of property, plant and equipment	**4,320**	-
Impairment loss of property, plant and equipment	**(6,223)**	(21,924)
Impairment loss of right-of-use assets	**(2,290)**	(22,731)
Finance income	**45,304**	38,847
Finance cost on bank borrowings	**(23,808)**	(30,133)
Profit before income tax	**389,528**	144,176

5 SEGMENT INFORMATION (Continued)

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
As at 31 March 2024			
Segment assets	**5,231,695**	**1,140,804**	**6,372,499**
Year ended 31 March 2024			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**670,187**	**271,151**	**941,338**
As at 31 March 2023			
Segment assets	5,883,097	1,138,032	7,021,129
Year ended 31 March 2023			
Segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,314,323	286,455	1,600,778

As at 31 March 2024, the Group's non-current assets (other than financial instruments and deferred income tax assets) that are located in Hong Kong and the Mainland China amounted to HK$3,861,999,000 (2023: HK$4,117,381,000) and HK$803,946,000 (2023: HK$780,659,000) respectively.

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

	As at 31 March 2024 ***HK$'000***	As at 31 March 2023 *HK$'000*
Total segment assets	**6,372,499**	7,021,129
Deferred income tax assets	**66,214**	62,955
Financial assets at fair value through other comprehensive income	**74,499**	86,746
Current income tax recoverable	**712**	4,510
Total assets	**6,513,924**	7,175,340

6 REVENUE

	2024	2023
	HK$'000	*HK$'000*
Sales of food and beverages	**8,603,538**	7,918,008
Rental income	**26,815**	38,911
Management and service fee income	**5,569**	6,135
Sundry income	**55,527**	60,990
	8,691,449	8,024,044

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

	2024	2023
	HK$'000	*HK$'000*
Dividend income from listed equity investments	**6,123**	6,123
Fair value loss on investment properties	**(31,900)**	(20,100)
(Loss)/gain on disposal of other property, plant and equipment, net	**(4,608)**	698
Reversal of impairment loss of property, plant and equipment	**4,320**	-
Impairment loss of property, plant and equipment	**(6,223)**	(21,924)
Impairment loss of right-of-use assets	**(2,290)**	(22,731)
Government subsidies *	**1,321**	45,201
	(33,257)	(12,733)

* These primarily represented government subsidies in relation to the COVID-19 pandemic which included subsidies of HK$Nil (2023: HK$40,943,000) granted under the Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region.

8 EXPENSES BY NATURE

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

	2024	2023
	HK$'000	*HK$'000*
Cost of raw materials and packing	**2,384,637**	2,307,332
Amortisation of intangible assets	**37**	38
Depreciation expenses		
- property, plant and equipment	**373,452**	378,196
- leasehold land and land use rights classified as right-of-use assets	**20,701**	16,540
- right-of-use assets — properties	**805,576**	782,454
Expenses relating to leases of		
- short-term leases	**37,302**	24,700
- variable lease payments not included lease liabilities	**60,442**	47,686
Gain on modification and termination of leases (Note (a))	**(28,758)**	(9,868)
Exchange losses, net	**4,339**	1,332
Employee benefit expenses (excluding share-based compensation expenses) (Note (b))	**2,877,765**	2,681,659
Share-based compensation expenses	**36,900**	19,536
Auditor's remuneration		
- audit services	**3,701**	3,593
- non-audit services	**1,904**	1,485
Electricity, water and gas	**437,718**	406,144
Advertising	**94,834**	102,255
Provision/(reversal) of loss allowance on trade receivables (Note 13)	**7**	(3)
Sanitation	**128,440**	126,476
Repairs & maintenance	**136,066**	132,848
Building management fee, air conditioning and rates	**235,698**	219,838
Delivery expense	**111,666**	98,170
Insurance	**37,968**	39,274
Other expenses	**444,981**	427,789
	8,205,376	7,807,474
Representing:		
Cost of sales	**7,702,163**	7,321,395
Administrative expenses	**503,213**	486,079
	8,205,376	7,807,474

8 EXPENSES BY NATURE (Continued)

Note:

(a) During the year ended 31 March 2024, the Group recognised gain of HK$28,758,000 (2023: HK$9,868,000) as a result of lease modifications, including changes of lease terms, changes of lease payments or the assessment of options to extend the leases, where applicable.

(b) Included in the employee benefit expenses, past service cost of HK$17,076,000 was recognised for the year ended 31 March 2023 for additional long service payment obligations resulting from the amendment of Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 which the Hong Kong Government enacted in June 2022. The amendment will come into effect prospectively from a date to be appointed by the Hong Kong Government ("Transition Date"). The amendment results in:

(i) Change in the offsetting arrangement, such that the accrued benefits attributable to the employers' mandatory contributions under the Mandatory Provident Fund and certain employers' contributions under the Occupational Retirement Schemes would no longer be eligible to offset against the severance payment and long service payment accrued from the Transition Date; and

(ii) Change of the calculation basis of last monthly wages for the portion of the long service payment accrued before the Transition Date.

No past service cost was recognised for the year ended 31 March 2024.

9 FINANCE INCOME AND FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Finance income	**45,304**	38,847
Finance cost of lease liabilities	**(84,784)**	(68,375)
Finance cost on bank borrowings	**(23,808)**	(30,133)
Finance costs	**(108,592)**	(98,508)
Finance costs, net	**(63,288)**	(59,661)

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% (2023: 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:

	2024	2023
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**38,921**	24,136
- PRC taxation	**19,052**	7,936
Deferred income tax relating to the origination and reversal of temporary differences	**(3,076)**	1,924
Under/(over)-provision in prior years	**1,416**	(1,007)
	56,313	32,989

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:

	2024	2023
	HK$'000	*HK$'000*
Profit before income tax	**389,528**	144,176
Calculated at a taxation rate of 16.5% (2023: 16.5%)	**64,272**	23,789
Effect of different taxation rates in other territories	**2,473**	514
Income not subject to taxation	**(17,623)**	(24,742)
Expenses not deductible for taxation purposes	**22,511**	15,154
Recognition/utilisation of previously unrecognised temporary difference/tax losses	**(25,029)**	(29)
Tax losses not recognised	**8,467**	19,391
Under/(over)-provision in prior years	**1,416**	(1,007)
Others	**(174)**	(81)
Taxation charge	**56,313**	32,989

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.

	2024	2023
Profit attributable to equity holders of the Company (HK$'000)	**330,454**	110,353
Weighted average number of ordinary shares in issue ('000)	**580,716**	580,046
Basic earnings per share	**HK$0.57**	HK$0.19

(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.

	2024	2023
Profit attributable to equity holders of the Company (HK$'000)	**330,454**	110,353
Weighted average number of ordinary shares in issue ('000)	**580,716**	580,046
Adjustment for share award scheme ('000)	**965**	1,606
	581,681	581,652
Diluted earnings per share	**HK$0.57**	HK$0.19

12 DIVIDENDS

	2024	2023
	HK\$'000	*HK\$'000*
Interim dividend, paid, of HK15 cents (2023: HK10 cents) per ordinary share	**87,856**	58,570
Final dividend, proposed, of HK42 cents (2023: HK28 cents) per ordinary share	**245,996**	163,997
	333,852	222,567

A final dividend of HK42 cents (FY2022/23: HK28 cents) per ordinary share in respect of the year ended 31 March 2024 was proposed. Such final dividend is subject to approval by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

13 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024	2023
	HK\$'000	*HK\$'000*
Trade receivables	**89,513**	75,944
Less: Loss allowance	**(83)**	(76)
Trade receivables – net (Note a)	**89,430**	75,868
Other receivables (Note b)	**63,080**	62,168
	152,510	138,036
Prepayments	**62,363**	43,190
Deposits	**445**	1,642
	215,318	182,868

(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 recoverable and receivable from a security logistic company.

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

The ageing analysis of trade receivables is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**68,980**	51,900
31 – 60 days	**12,262**	14,409
61 – 90 days	**4,217**	4,724
91 – 365 days	**3,971**	4,837
Over 365 days	**83**	74
	89,513	75,944

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**206,387**	223,573
31 – 60 days	**3,188**	2,062
61 – 90 days	**1,071**	106
Over 90 days	**121**	140
	210,767	225,881

15 COMMITMENTS

As at 31 March 2024, the Group had the following capital commitments:

	2024	2023
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**37,136**	61,578
Authorised but not contracted for	**478,916**	469,850
	516,052	531,428

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK42 cents per share for the year ended 31 March 2024 (FY2022/23: HK28 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 5 September 2024. Upon shareholders' approval, the proposed dividend will be paid on 24 September 2024 to shareholders whose names shall appear on the Register of Members of the Company on 12 September 2024.

Together with the interim dividend of HK15 cents per share (FY2022/23: HK10 cents), the total dividend for the year ended 31 March 2024 will amount to HK57 cents per share (FY2022/23: HK38 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 2 September 2024 (Monday) to 5 September 2024 (Thursday) during which no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 30 August 2024 (Friday).

For the purpose of determination of entitlement to the final dividend, the Register of Members of the Company will be closed on 12 September 2024 (Thursday) 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 11 September 2024 (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 C1 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 2024, 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 2024.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company is set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. It currently comprises four independent non-executive directors and two 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 2024 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 2024 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 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed the Company's listed securities.

By order of the Board
Lo Hoi Kwong, Sunny
Chairman

Hong Kong, 17 June 2024

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 Li Kwok Sing, Aubrey, Mr Kwok Lam Kwong, Larry, Mr Au Siu Cheung, Albert and Ms Fang Suk Kwan, Katherine as independent non-executive directors; and Mr Lo Tak Shing, Peter and Mr Lo Ming Shing, Ian as executive directors.