

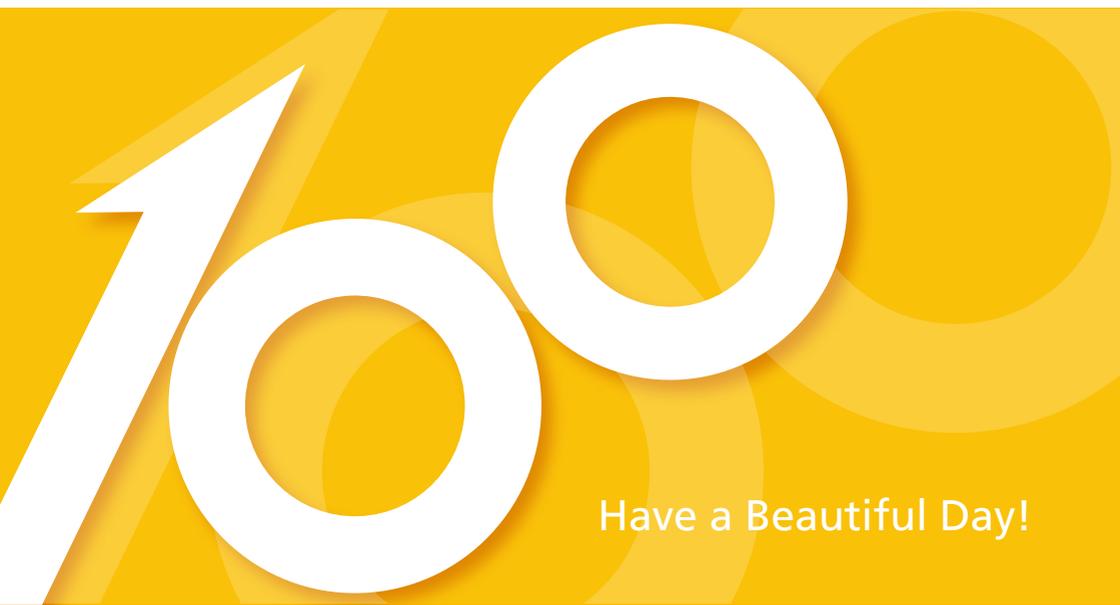


大家樂集團有限公司
CAFÉ DE CORAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 341



Have a Beautiful Day!

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Directors and Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yue Kwong, Michael
(Chairman)

Mr. Lo Hoi Kwong, Sunny
(Managing Director)

Ms. Lo Pik Ling, Anita

Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Lo Tang Seong, Victor

Mr. Lo Hoi Chun

Mr. Hui Tung Wah, Samuel

Mr. Choi Ngai Min, Michael*

Mr. Li Kwok Sing, Aubrey*

Mr. Kwok Lam Kwong, Larry*

Mr. Look Guy*

* *Independent Non-executive Directors*

COMPANY SECRETARIES

Ms. Li Oi Chun, Helen

Mr. To Hon Fai, Alfred

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM12, Bermuda

HEAD OFFICE

10th Floor, Café de Coral Centre
5 Wo Shui Street, Fo Tan
Shatin, New Territories, Hong Kong

AUDITORS

Messrs. PricewaterhouseCoopers

SOLICITORS

JSM

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

BNP Paribas

Calyon Corporate and Investment Bank

China Construction Bank Corporation

Hang Seng Bank Limited

The Hongkong and Shanghai Banking
Corporation Limited

Mizuho Corporate Bank, Ltd.

Standard Chartered Bank (Hong Kong) Ltd.

BERMUDA SHARE REGISTRARS

The Bank of Bermuda Limited

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor
Services Limited

WEBSITE

<http://www.cafedecoral.com>

STOCK CODE

341

HIGHLIGHTS

- **Half year turnover reached a record high of HK\$2.39 billion.**
- **For the 6th consecutive years, the Group delivered another interim profit growth reaching HK\$221 million.**
- **For the 24th consecutive years since listing, the Group has maintained dividend payment to our shareholders.**
- **School catering business solidly captured the market leadership position.**
- **Southern China Café de Coral attained a sizeable business platform of 62 units in the region.**
- **Manchu WOK witnessed a positive improvement, laying a foundation for profitability.**
- **For the 4th consecutive years being awarded with the Gold Award of the “PRC Consumer’s Most Favourable Hong Kong Brand”.**

Chairman's Statement

Since the onslaught of the financial tsunami in September, 2008, the Group once again adopted the "F.A.C.T.S." corporate strategies, which enabled the Group to safely navigate through another financial storm and market adversity.

As implemented in our time-tested corporate strategies, we once again Focused our management attention to the Group's future road map by formulating a "Five-Year Corporate Plan" towards year 2014. In Anticipating the worst, we have taken timely and proactive measures in consolidating our Eastern China and North America businesses. While we made progress in Changing the mindset of our landlords and staff to keep our business cost at a competitive level, we also Turned crisis into opportunities by launching newer restaurant brands during the period with promising results. To Shape up our businesses for embracing the opportunities ahead, our two new food processing plants are well underway with their respective construction plan.

All of the above contributed to the attainment for the 6th consecutive year of another interim results growth of the Group for the six months ended 30th September, 2009 with turnover and profit attributable to shareholders at HK\$2.39 billion and HK\$221 million respectively, representing a double-digit profit growth of 10% over that of last year.

To return value to our shareholders, the Board resolved to distribute an interim dividend of 17 HK cents per share to shareholders whose names appear on the register of members of the Company on 17th December, 2009, being the 24th consecutive years' dividend payment since listing.

HONG KONG BUSINESS PLATFORM

In the period under review, it was gratifying to witness the encouraging performance of our **Café de Coral** fast food business in Hong Kong despite the negative impact from the Influenza outbreak. Our fast food business is able to sustain its business growth amidst this adverse market condition mainly due to our strong branding power. Indeed, our effort in promoting our brand preference and awareness was well recognized by the recent Gold Award of the "PRC Consumer's Most Favourable Hong Kong Brand", which was awarded to the Group for the 4th consecutive years.

To capture the business opportunities presented to us during these difficult times, the Group actively pursued its expansion initiative by opening seven new outlets of **Super Super Congee & Noodles** since April, 2009, successfully and rapidly building up a sizeable business platform of 17 operating units under this newly-founded fast food brand in the local territory.

With the increased awareness of food safety among the public, our **Asia Pacific Catering** unit was also able to expand its institutional catering clientele and secured contract renewal for all of its major clients during the period. At the same time, our **Luncheon Star** business continues to be the pioneer in the school catering business in securing simultaneous international accreditations in the areas of food safety, nutrition and environmental protection. With these strong credentials, **Luncheon Star** is able to solidify its leading position in the school catering sector and has now become a meaningful profit contributor to the Group.

PRC BUSINESS PLATFORM

Since the beginning of 2009, **Café de Coral** in Southern China was confronted with a difficult market environment due to a more cautious consumer sentiment after the global financial turmoil. Notwithstanding the challenge, we take this as another golden opportunity to reinforce our dominating presence in the market by accelerating our pace of development. We have added another 10 new outlets to our portfolio since April, 2009, bringing the total number of this branded restaurant to a scalable 62 units in the region.

Our food processing and distribution business, **Scanfoods**, is another of our example in turning crisis into business opportunity. Taking advantage of the correction in meat price from its record high, **Scanfoods** benefited from its low cost of inventory and attained an encouraging performance during the period under review.

As earlier reported, we have also made a decisive move to rationalize our business portfolio in Eastern China by disposing 25% interest in the restaurant chain of **New Asia Dabao** in China and acquired all the operating assets of the six **Café de Coral** restaurants in Shanghai. Since the completion of this transaction, we are now able to concentrate our management effort to build up our “**Café de Coral**” brand in the Yangtze River Delta Region on a wholly-owned basis. With successful experience accumulated, we are fully committed to untap the fullest business potential of **Café de Coral** in this strategically important region.

NORTH AMERICA BUSINESS PLATFORM

Across the Ocean, we are delighted to witness the 3-year consolidation program of **Manchu WOK** bearing fruits. It has achieved a positive improvement, laying the foundation for a profitable business turnaround. Such performance is not in any way a coincidence but rather as a result of successful implementation of various consolidation and growth initiatives.

Chairman's Statement

With the timely disposal of the loss-making stores in California in August, 2008, we are able to sail through the economic turbulence caused by the onslaught of the U.S. financial crisis. In addition, our strategy in exploring the business potential at non-traditional markets together with our efforts in introducing new shop design prototype also contributed to our initial success.

LOOKING AHEAD

Notwithstanding the diverse views on the general economic recovery in the years to come, we are readily prepared in identifying any opportunity to strengthen our business platforms.

The construction of our two purpose-built central food processing plants in Guangzhou and Hong Kong are now well underway and are expected to commence production by 2010 and 2011 respectively. Once in full operation, our production capacity and operational efficiency should be enhanced with our production cost being kept at a more competitive level. In addition, with ample cash reserve in hand, the Group is also well equipped to capture any opportunities available, be it by way of organic growth or mergers and acquisition.

We are also delighted to be recognized again by Forbes Asia for the seventh time for our management excellence with the recent award of "The Best Under A Billion". Such award not only reminds us of the performance expectation from our shareholders and customers, but also reminds us how indebted we are to our 15,000 strong staff force, who have been so committed to deliver growth results year on year with sustainable track record.

By order of the Board
Chan Yue Kwong, Michael
Chairman

Hong Kong, 25th November, 2009

INTERIM DIVIDEND

In acknowledging continuous supports from our shareholders, the Directors have declared the payment of an interim dividend of 17 HK cents (2008: 15 HK cents and a special dividend of 15 HK cents) per share in respect of the year ending 31st March, 2010, payable on 29th December, 2009 to those persons registered as shareholders on 17th December, 2009.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend, the Register of Members of the Company will be closed from 17th December, 2009 (Thursday) to 18th December, 2009 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Registrars, 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 16th December, 2009.

HUMAN RESOURCES

As at 30th September, 2009, the Group (other than associated companies and jointly controlled entities) employed approximately 15,000 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. With a unique Share Option Scheme together with profit sharing bonus and performance incentive system, employees were entitled to share in the growth of the Group.

During the period, various training activities have been conducted to improve the front-end quality of services as well as to ensure the smooth and effective installation of the Group's business systems.

Other Information

FINANCIAL REVIEW

The Group's financial position, as at 30th September, 2009, continues to be very strong, with a net cash of close to about HK\$882 million and available banking facilities of HK\$660 million.

As at 30th September, 2009, the Group did not have any external borrowing (31st March, 2009: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2009: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2009.

As at 30th September, 2009, the Company has given guarantees totaling approximately HK\$662,000,000 (31st March, 2009: HK\$662,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

Regarding foreign exchange fluctuations, for the six months' period under review, the Group earned revenue and incurred costs and expenses are mainly denominated in Hong Kong dollars, while those of our North America and PRC subsidiaries and jointly controlled entities are denominated in United States dollars, Canadian dollars and Renminbi respectively. While foreign currency exposure did not pose significant risk for the Group, we will continue to take proactive measures and monitor closely of our exposure to such currency movement.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2009, the interests of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

Interests in Shares and Underlying Shares of the Company

Director	Notes	Number of ordinary shares (long position)					Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Equity derivatives (Note (f))		
Mr. Lo Hoi Kwong, Sunny	(a)	17,832,000	-	5,060,000	37,383,394	3,100,000	63,375,394	11.39%
Mr. Lo Tak Shing, Peter	(b)	210,000	-	-	87,626,213	200,000	88,036,213	15.82%
Mr. Lo Hoi Chun	(c)	132,000	-	-	67,880,834	-	68,012,834	12.22%
Ms. Lo Pik Ling, Anita		13,884,339	-	-	-	690,000	14,574,339	2.62%
Mr. Chan Yue Kwong, Michael	(d)	5,421,407	4,096,000	-	-	2,700,000	12,217,407	2.20%
Mr. Li Kwok Sing, Aubrey	(e)	55,000	-	-	-	-	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	-	-	-	-	25,837	0.01%
Mr. Lo Tang Seong, Victor		-	-	-	-	-	-	-
Mr. Choi Ngai Min, Michael		-	-	-	-	-	-	-
Mr. Kwok Lam Kwong, Larry		-	-	-	-	-	-	-
Mr. Look Guy		-	-	-	-	-	-	-

Other Information

Notes:

- (a) Mr. Lo Hoi Kwong, Sunny was deemed to be interested in 37,383,394 shares held under a family trust in the capacity of founder. He was also deemed to be interested in 5,060,000 shares held by Team Gain International Inc which was wholly-owned by him.
- (b) These shares were held by Wandels Investment Limited ("Wandels"). Wandels was 50% owned by Sky Bright International Limited ("Sky Bright") and 50% owned by Verdant Success Holdings Limited ("Verdant Success"). Both of Sky Bright and Verdant Success were wholly-owned subsidiaries of RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited") which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter was deemed to be interested by virtue of being beneficiary of one of the family trusts.
- (c) 31,911,701 shares were held under a family trust of which Mr. Lo Hoi Chun and his associates were beneficiaries. 35,969,133 shares were held under a family trust of which Mr. Lo Hoi Chun was the founder and both of Mr. Lo Hoi Chun and his associates were beneficiaries.
- (d) Mr. Chan Yue Kwong, Michael was deemed to be interested in 4,096,000 shares through interests of his spouse.
- (e) These shares were held by Mr. Li Kwok Sing, Aubrey jointly with his spouse.
- (f) These represented interests of options granted to Directors under share option scheme(s) to subscribe for shares of the Company, further details of which are set out in the section "Share Option Schemes".

All the interests in shares and underlying shares of equity derivatives of the Company are long positions. None of the Directors held any short position in the shares, underlying shares of equity derivatives or debentures of the Company.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company, none of the Directors or their respective associates had any interest or short position in any shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations within the meaning of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 2009, the interests and short positions of every persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Notes	Number of ordinary shares (long position)				Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests		
GZ Trust Corporation	(a)	-	-	-	67,880,834	67,880,834	12.20%
Wandels Investment Limited	(b)	-	-	-	87,626,213	87,626,213	15.74%
Sky Bright International Limited	(b)	-	-	-	87,626,213	87,626,213	15.74%
Verdant Success Holdings Limited	(b)	-	-	-	87,626,213	87,626,213	15.74%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	(b)	-	-	-	87,626,213	87,626,213	15.74%
Ms. Tso Po Ping	(c)	-	63,375,394	-	-	63,375,394	11.39%
Ardley Enterprises Limited	(d)	-	-	-	37,383,394	37,383,394	6.72%
Ms. Man Bo King	(e)	-	36,101,133	-	-	36,101,133	6.49%
LBK Holding Corporation	(f)	-	-	-	35,969,133	35,969,133	6.46%
MMW Holding Corporation	(g)	-	-	-	31,911,701	31,911,701	5.73%
Capital Research and Management Company	(h)	33,186,000	-	-	-	33,186,000	5.96%
Commonwealth Bank of Australia	(i)	50,998,000	-	-	-	50,998,000	9.16%

Other Information

Notes:

- (a) GZ Trust Corporation was deemed to be interested in the capacity of trustee.
- (b) These interests were held by Wandels Investment Limited ("Wandels"). Wandels was 50% owned by Sky Bright International Limited ("Sky Bright") and 50% owned by Verdant Success Holdings Limited ("Verdant Success"). Both of Sky Bright and Verdant Success were wholly-owned subsidiaries of RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited") which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter, being a director of the Company, is also deemed to be interested by virtue of his being beneficiary of one of the family trusts.
- (c) Ms. Tso Po Ping was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Kwong, Sunny (of which 3,100,000 shares were interests in underlying shares).
- (d) These interests were held by Ardley Enterprises Limited in the capacity of trustee. These interests represented part of the interests of Mr. Lo Hoi Kwong, Sunny, being a director of the Company.
- (e) Ms. Man Bo King was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Chun.
- (f) These interests were held by LBK Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.
- (g) These interests were held by MMW Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.
- (h) These interests were held in the capacity of investment manager.
- (i) These interests were interests of corporations controlled by Commonwealth Bank of Australia.

All interests in the shares and underlying shares of equity derivatives of the Company held by the above persons are long positions.

Save as disclosed above, as at 30th September, 2009, the Directors are not aware of any other persons (other than a Director or chief executive of the Company) who have interests or short positions in the shares, underlying shares of equity derivatives of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTION SCHEMES

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the “Previous Scheme”), the Company has granted certain options to executives and employees of the Group including executive directors employed by the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme was terminated upon the passing of a shareholders’ resolution for adoption of another share option scheme on 19th September, 2000 (the “Scheme”). Accordingly, no options can be granted under the Previous Scheme as at the date of this report. However, for the outstanding options granted and yet to be exercised under the Previous Scheme, the existing rights of the grantees are not affected. No options had been granted under the Scheme since its adoption.

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders’ resolution for adoption of a new share option scheme (the “New Scheme”). Pursuant to the New Scheme, the Company may grant options to executive and non-executive directors, employees, suppliers and customers of the Group and consultants, advisors, managers, officers and corporations that provided research, development or other technical support to the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Company granted options to certain employees of the Group (including executive directors of the Company) pursuant to the New Scheme.

Other Information

Details of the share options outstanding as at 30th September, 2009 which have been granted under the Previous Scheme and the New Scheme are as follows:

Type of grantees	Date of Grant	Options outstanding at 1st April, 2009	Granted during the period	Options exercised during the period	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 30th September, 2009
Executive Directors							
Mr. Chan Yue Kwong, Michael	1/11/2005 ^(a)	1,200,000	-	-	-	-	1,200,000
	2/10/2007 ^(b)	1,500,000	-	-	-	-	1,500,000
Mr. Lo Hoi Kwong, Sunny	1/11/2005 ^(a)	1,600,000	-	-	-	-	1,600,000
	2/10/2007 ^(b)	1,500,000	-	-	-	-	1,500,000
Ms. Lo Pik Ling, Anita	4/11/1999 ^(a)	240,000	-	-	-	-	240,000
	2/10/2007 ^(b)	450,000	-	-	-	-	450,000
Mr. Lo Tak Shing, Peter	2/10/2007 ^(b)	200,000	-	-	-	-	200,000
Continuous contract employees							
	4/11/1999 ^(a)	84,000	-	(34,000)	-	-	50,000
	1/11/2005 ^(a)	5,834,000	-	(472,000)	-	(100,000)	5,262,000
	2/10/2007 ^(b)	17,272,000	-	(504,000)	-	(360,000)	16,408,000
		<u>29,880,000</u>	<u>-</u>	<u>(1,010,000)</u>	<u>-</u>	<u>(460,000)</u>	<u>28,410,000</u>

Notes:

- The share options were granted under the Previous Scheme.
- The share options were granted under the New Scheme.
- Under the Previous Scheme and in respect of the category of "Continuous contract employees", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$14.96.
- Under the New Scheme and in respect of the category of "Continuous contract employees", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$16.24.

Share Options granted under the Previous Scheme are exercisable at HK\$2.95 per share and the holders of the said share options may exercise the share options during the period from 1st April, 2003 to 31st March, 2013.

Share Options granted under the New Scheme on 1st November, 2005 are exercisable at HK\$8.80 per share (in respect of the Executive Directors) and at HK\$8.75 per share (in respect of the other continuous contract employees). The holders of the said share options may exercise the share options during the period from 1st January, 2007 to 31st October, 2015.

Share Options granted under the New Scheme on 2nd October, 2007 are exercisable at HK\$14.268 per share (in respect of the Executive Directors, but excludes Mr. Lo Tak Shing, Peter) and at HK\$14.748 per share (in respect of the other continuous contract employees and includes Mr. Lo Tak Shing, Peter). The holders of the said share options may exercise the share options during the period from 30th March, 2008 to 1st October, 2017.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES UNDER APPENDIX 14 OF THE LISTING RULES

During the six months period ended 30th September, 2009, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Listing Rules, except for the deviation from the Code Provision A.2.1:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Other Information

Mr. Chan Yue Kwong, Michael assumes the roles of Chairman and Chief Executive Officer of the Group. The Board considers that, given the current corporate structure, there is no separation between the roles of Chairman and Chief Executive Officer. Although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board and appropriate Board committees. There are four independent non-executive directors in the Board with sufficient independent element. Therefore, the Board is of the view that there are adequate impartiality and safeguards in place.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors (the “Code”). The Company, having made specific enquiry of all Directors, confirms that its Directors had complied with the required standard set out in the Code during the six months ended 30th September, 2009.

AUDIT COMMITTEE

The Company has established an audit committee which currently consists of four independent non-executive directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the committee’s principal duties is to review and supervise the Company’s financial reporting process and internal controls (including the review of the unaudited interim financial statements for the six months ended 30th September, 2009).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th September, 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company’s listed securities.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of Directors since the publication of 2009 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	Details of changes
Mr. Chan Yue Kwong, Michael	He has received Honorary Fellow from Lingnan University on 2nd December, 2009.
Mr. Lo Tang Seong, Victor	The director's fee is HK\$80,000 for the year ending 31st March, 2010.
Mr. Lo Hoi Chun	The director's fee is HK\$80,000 for the year ending 31st March, 2010.
Mr. Hui Tung Wah, Samuel	The director's fee is HK\$80,000 for the year ending 31st March, 2010.
Mr. Choi Ngai Min, Michael	The director's fee is HK\$200,000 for the year ending 31st March, 2010.
Mr. Li Kwok Sing, Aubrey	The director's fee is HK\$200,000 for the year ending 31st March, 2010.
Mr. Kwok Lam Kwong, Larry	The director's fee is HK\$200,000 for the year ending 31st March, 2010.
Mr. Look Guy	The director's fee is HK\$200,000 for the year ending 31st March, 2010.

Condensed Consolidated Statement of Financial Position

As at 30th September, 2009

	Note	As at 30th September, 2009 HK\$'000 (Unaudited)	As at 31st March, 2009 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	713,283	633,301
Leasehold land and land use rights	5	337,959	340,921
Investment properties	5	230,800	230,800
Intangible assets	5	186,263	166,053
Available-for-sale financial assets	6	323,643	199,590
Investments in associates	7	20,628	6,239
Investments in jointly controlled entities	8	4,154	34,521
Non-current deposits		153,294	152,218
Deferred income tax assets		18,981	19,974
		1,989,005	1,783,617
Current assets			
Inventories		107,820	100,295
Trade and other receivables	9	87,322	58,823
Prepayments, deposits and other current assets		112,869	96,822
Financial assets at fair value through profit or loss	11	41,924	37,023
Cash and cash equivalents		881,731	894,369
		1,231,666	1,187,332
Total assets		3,220,671	2,970,949
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	55,659	55,558
Reserves (including interim dividend proposed of HK\$94,761,000; 31st March, 2009: final dividend proposed of HK\$211,241,000)		2,473,202	2,319,537
		2,528,861	2,375,095
Minority interest		1,803	2,098
Total equity		2,530,664	2,377,193

Condensed Consolidated Statement of Financial Position (Continued)
As at 30th September, 2009

	Note	As at 30th September, 2009 HK\$'000 (Unaudited)	As at 31st March, 2009 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		62,069	57,752
Provision for long service payments		15,855	15,512
Retirement benefit liabilities		18,378	20,176
		<u>96,302</u>	<u>93,440</u>
Current liabilities			
Trade payables	10	152,839	117,601
Other creditors and accrued liabilities		388,224	348,738
Current income tax liabilities		52,642	33,977
		<u>593,705</u>	<u>500,316</u>
Total liabilities		<u>690,007</u>	<u>593,756</u>
Total equity and liabilities		<u>3,220,671</u>	<u>2,970,949</u>
Net current assets		<u>637,961</u>	<u>687,016</u>
Total assets less current liabilities		<u>2,626,966</u>	<u>2,470,633</u>

The notes on pages 25 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30th September, 2009

		Six months ended 30th September,	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
	Note		
Revenue	14	2,386,171	2,342,213
Cost of sales		<u>(2,014,005)</u>	<u>(1,993,845)</u>
Gross profit		372,166	348,368
Administrative expenses		(126,918)	(113,386)
Other gains/(losses), net	15	<u>15,990</u>	<u>(5,930)</u>
Operating profit	16	261,238	229,052
Finance income	17	3,115	10,026
Share of profits of			
– Associates		1,078	1,250
– Jointly controlled entities		<u>353</u>	<u>805</u>
Profit before income tax		265,784	241,133
Income tax expense	18	<u>(44,713)</u>	<u>(40,802)</u>
Profit for the period		<u>221,071</u>	<u>200,331</u>
Allocated as:			
Loss attributable to minority interest		<u>(295)</u>	<u>(305)</u>
Profit attributable to equity holders of the Company		<u>221,366</u>	<u>200,636</u>
Earnings per share for profit attributable to equity holders of the Company, expressed in HK cents per share			
– Basic	19	<u>39.83 HK cents</u>	<u>36.26 HK cents</u>
– Diluted	19	<u>39.54 HK cents</u>	<u>35.99 HK cents</u>
Dividends	20		
– Interim		94,761	83,121
– Special		<u>–</u>	<u>83,121</u>
		<u>94,761</u>	<u>166,242</u>

The notes on pages 25 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2009

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>221,071</u>	200,331
Other comprehensive income:		
Exchange differences arising on translation of foreign subsidiaries, jointly controlled entities and associates	23,658	4,702
Fair value gains/(losses), net of tax: – available-for-sale financial assets	<u>100,797</u>	(76,442)
Other comprehensive income/(loss) for the period, net of tax	<u>124,455</u>	(71,740)
Total comprehensive income for the period	<u>345,526</u>	<u>128,591</u>
Total comprehensive income attributable to:		
– Equity holders of the Company	345,821	128,896
– Minority interest	<u>(295)</u>	(305)
	<u>345,526</u>	<u>128,591</u>

The notes on pages 25 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2009

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
Balance at 1st April, 2009	55,558	541,940	1,777,597	2,375,095	2,098	2,377,193
Profit/(loss) for the period	-	-	221,366	221,366	(295)	221,071
Other comprehensive income:						
Exchange differences arising on translation of foreign subsidiaries, jointly controlled entities and associates	-	23,658	-	23,658	-	23,658
Fair value gains, net of tax:						
- available-for-sale financial assets	-	100,797	-	100,797	-	100,797
Total comprehensive income for the six months ended 30th September, 2009	<u>-</u>	<u>124,455</u>	<u>221,366</u>	<u>345,821</u>	<u>(295)</u>	<u>345,526</u>
Employees share option scheme - value of employee services	-	7,719	-	7,719	-	7,719
Proceeds from shares issued	101	11,562	-	11,663	-	11,663
Dividends	-	-	(211,437)	(211,437)	-	(211,437)
	<u>101</u>	<u>19,281</u>	<u>(211,437)</u>	<u>(192,055)</u>	<u>-</u>	<u>(192,055)</u>
Balance at 30th September, 2009	<u>55,659</u>	<u>685,676</u>	<u>1,787,526</u>	<u>2,528,861</u>	<u>1,803</u>	<u>2,530,664</u>

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30th September, 2009

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
Balance at 1st April, 2008	55,257	590,087	1,739,658	2,385,002	2,386	2,387,388
Profit/(loss) for the period	-	-	200,636	200,636	(305)	200,331
Other comprehensive income:						
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	-	4,702	-	4,702	-	4,702
Fair value losses, net of tax: - available-for-sale financial assets	-	(76,442)	-	(76,442)	-	(76,442)
Total comprehensive income for the six months ended 30th September, 2008	<u>-</u>	<u>(71,740)</u>	<u>200,636</u>	<u>128,896</u>	<u>(305)</u>	<u>128,591</u>
Employees share option scheme - value of employee services	-	11,417	-	11,417	-	11,417
Proceeds from shares issued	<u>152</u>	<u>11,098</u>	<u>-</u>	<u>11,250</u>	<u>-</u>	<u>11,250</u>
	<u>152</u>	<u>22,515</u>	<u>-</u>	<u>22,667</u>	<u>-</u>	<u>22,667</u>
Balance at 30th September, 2008	<u><u>55,409</u></u>	<u><u>540,862</u></u>	<u><u>1,940,294</u></u>	<u><u>2,536,565</u></u>	<u><u>2,081</u></u>	<u><u>2,538,646</u></u>

The notes on pages 25 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2009

	Six months ended 30th September,	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Net cash generated from operating activities	368,351	323,460
Net cash used in investing activities	(176,272)	(48,775)
Net cash (used in)/generated from financing activities	(199,774)	11,251
Net (decrease)/increase in cash and cash equivalents	(7,695)	285,936
Cash and cash equivalents at beginning of the period	894,369	733,298
Effect of foreign exchange rate changes	(4,943)	6,138
Cash and cash equivalents at end of the period	881,731	1,025,372

The notes on pages 25 to 46 are an integral part of this condensed consolidated interim financial information.

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 1st October, 1990. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company and its subsidiaries (together the “Group”) is principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and the food processing and distribution business.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK\$’000) unless otherwise stated and has been approved for issue by the Board of Directors on 25th November, 2009.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30th September, 2009 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March, 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March, 2009, as described in those annual financial statements.

Taxation on income in the interim period is accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are effective for the financial year ending 31st March, 2010 and are relevant to the Group.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

The Group has elected to present two statements: an income statement and a statement of comprehensive income. This condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. Adoption of this standard did not have any effect on the Group's results of operations or financial position.

Goodwill is allocated by management to groups of cash-generating units on a segment level. The adoption of HKFRS 8 has not resulted in any changes in reportable segment or additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities.

3 ACCOUNTING POLICIES (Continued)

- Amendment to HKFRS 7, “Financial instruments: disclosures”. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its annual financial statements for the year ending 31st March, 2010.

The following new standards, amendments and interpretations to standards have been issued, but are not effective for the financial year ending 31st March, 2010 and have not been early adopted by the Group:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 SEGMENT INFORMATION

The Executive Chairman of the Group has reviewed the Group's internal reporting in order to allocate resources and to assess the business principally from a geographic perspective including Hong Kong, Mainland China and North America. The Executive Chairman assesses the performance of the operating segments based on a measure of profit/loss before income tax.

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

The segment information for the reportable segments for the six months ended 30th September, 2009 is as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Six months ended				
30th September, 2009				
Total segment revenue	1,997,833	347,760	90,112	2,435,705
Inter-segment revenue (Note i)	(1,381)	(48,153)	-	(49,534)
Revenue (from external revenue) (Note ii)	<u>1,996,452</u>	<u>299,607</u>	<u>90,112</u>	<u>2,386,171</u>
Profit/(loss) before income tax	<u>240,159</u>	<u>26,680</u>	<u>(1,055)</u>	<u>265,784</u>
Depreciation and amortisation	66,312	13,870	6,883	87,065
Finance income	2,610	334	171	3,115
Share of profit of associates	1,078	-	-	1,078
Share of profit of jointly controlled entities	-	353	-	353
Income tax expense/(credit)	<u>39,375</u>	<u>6,598</u>	<u>(1,260)</u>	<u>44,713</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

	Hong Kong	Mainland China	North America	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended				
30th September, 2008				
Total segment revenue	1,991,859	279,539	113,968	2,385,366
Inter-segment revenue (Note i)	<u>(811)</u>	<u>(42,342)</u>	<u>–</u>	<u>(43,153)</u>
Revenue (from external revenue) (Note ii)	<u>1,991,048</u>	<u>237,197</u>	<u>113,968</u>	<u>2,342,213</u>
Profit/(loss) before income tax	<u>222,421</u>	<u>21,975</u>	<u>(3,263)</u>	<u>241,133</u>
Depreciation and amortisation	63,966	12,296	9,678	85,940
Finance income	9,284	525	217	10,026
Share of profit of associates	1,250	–	–	1,250
Share of profit of jointly controlled entities	–	805	–	805
Income tax expense/(credit)	<u>36,424</u>	<u>5,593</u>	<u>(1,215)</u>	<u>40,802</u>

- (i) Inter-segment transactions were entered into under the normal commercial terms and conditions.
- (ii) The Group has a large number of customers. For the six months ended 30th September, 2009, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
As at 30th September, 2009				
Segment assets	<u>2,001,399</u>	<u>564,467</u>	<u>270,257</u>	<u>2,836,123</u>
Segment assets include:				
Investments in associates	4,923	15,705	-	20,628
Investments in jointly controlled entities	-	4,154	-	4,154
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>97,980</u>	<u>58,120</u>	<u>3,429</u>	<u>159,529</u>
As at 31st March, 2009				
Segment assets	<u>1,950,860</u>	<u>479,498</u>	<u>284,004</u>	<u>2,714,362</u>
Segment assets include:				
Investments in associates	6,239	-	-	6,239
Investments in jointly controlled entities	-	34,521	-	34,521
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>68,025</u>	<u>39,779</u>	<u>1,674</u>	<u>109,478</u>

As at 30th September, 2009, the total non-current assets (other than financial instruments and deferred tax assets) located in Hong Kong is HK\$1,109,577,000 (As at 31st March, 2009: HK\$1,081,295,000), in Mainland China is HK\$330,044,000 (As at 31st March, 2009: HK\$299,706,000) and in North America is HK\$206,760,000 (As at 31st March, 2009: HK\$183,052,000).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

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

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Unaudited)
Total segment assets	2,836,123	2,714,362
Deferred income tax assets	18,981	19,974
Available-for-sale financial assets	323,643	199,590
Financial assets at fair value through profit or loss	41,924	37,023
Total assets	3,220,671	2,970,949

5 CAPITAL EXPENDITURE

	Intangible assets		Total intangible assets HK\$'000 (Unaudited)	Investment properties HK\$'000 (Unaudited)	Property, plant and equipment HK\$'000 (Unaudited)	Leasehold land and land use rights HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
	Goodwill HK\$'000 (Unaudited)	Other intangible assets HK\$'000 (Unaudited)					
Period ended							
30th September, 2009							
Opening net book amount	81,565	84,488	166,053	230,800	633,301	340,921	1,371,075
Additions	-	-	-	-	158,453	-	158,453
Depreciation/amortisation expense	-	(5,275)	(5,275)	-	(78,726)	(3,064)	(87,065)
Disposals	-	-	-	-	(3,186)	-	(3,186)
Exchange differences	13,094	12,391	25,485	-	3,441	102	29,028
Closing net book amount	<u>94,659</u>	<u>91,604</u>	<u>186,263</u>	<u>230,800</u>	<u>713,283</u>	<u>337,959</u>	<u>1,468,305</u>
At 30th September, 2009							
Cost/valuation	108,797	184,158	292,955	230,800	1,964,708	437,554	2,926,017
Accumulated depreciation/ amortisation	<u>(14,138)</u>	<u>(92,554)</u>	<u>(106,692)</u>	<u>-</u>	<u>(1,251,425)</u>	<u>(99,595)</u>	<u>(1,457,712)</u>
Net book amount	<u>94,659</u>	<u>91,604</u>	<u>186,263</u>	<u>230,800</u>	<u>713,283</u>	<u>337,959</u>	<u>1,468,305</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 CAPITAL EXPENDITURE (Continued)

Period ended	Intangible assets		Total intangible assets	Investment properties	Property, plant and equipment	Leasehold land and land use rights	Total
	Goodwill	Other intangible assets					
30th September, 2008							
Opening net book amount	120,700	114,212	234,912	202,700	564,488	347,960	1,350,060
Additions	-	-	-	-	104,510	-	104,510
Depreciation/amortisation expense	-	(5,762)	(5,762)	-	(76,128)	(4,050)	(85,940)
Disposals	(2,973)	-	(2,973)	-	(15,699)	-	(18,672)
Exchange differences	(3,187)	(2,739)	(5,926)	-	1,876	474	(3,576)
Closing net book amount	<u>114,540</u>	<u>105,711</u>	<u>220,251</u>	<u>202,700</u>	<u>579,047</u>	<u>344,384</u>	<u>1,346,382</u>
At 30th September, 2008							
Cost/valuation	114,540	187,896	302,436	202,700	1,811,734	437,527	2,754,397
Accumulated depreciation/ amortisation	-	(82,185)	(82,185)	-	(1,232,687)	(93,143)	(1,408,015)
Net book amount	<u>114,540</u>	<u>105,711</u>	<u>220,251</u>	<u>202,700</u>	<u>579,047</u>	<u>344,384</u>	<u>1,346,382</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Available-for-sale financial assets:		
– Unlisted debts securities with interest rates ranging from 4% to 5% per annum, and with maturity dates between 2 and 10 years	34,528	9,688
– Listed investments	289,115	189,902
	323,643	199,590

7 INVESTMENTS IN ASSOCIATES

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Share of net assets	16,510	4,923
Goodwill transferred from investments in jointly controlled entities (Note 8)	2,802	–
Due from associates	1,316	1,316
	20,628	6,239

The amounts due from associates are unsecured, non-interest bearing and are not repayable within the next twelve months.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Share of net assets	4,154	28,917
Goodwill on acquisition of jointly controlled entities	—	5,604
	4,154	34,521

During the six months ended 30th September, 2009, the Group disposed of its 25% interests in Café de New Asia Group Co., Limited ("CNAG") to the joint venture partner at a consideration of approximately RMB13 million. Following this transaction, the Group's interest in CNAG has been reduced from 50% to 25%. As the Group has significant influence over CNAG, CNAG becomes an associate of the Group.

9 TRADE AND OTHER RECEIVABLES

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Trade receivables	28,007	19,137
Less: provision for impairment of receivables	(963)	(891)
Trade receivables – net	27,044	18,246
Other receivables	60,278	40,577
	87,322	58,823

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 and sale of merchandise for the Group's food manufacturing businesses.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables is as follows:

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
0 – 30 days	22,632	15,079
31 – 60 days	3,714	3,219
61 – 90 days	118	99
Over 90 days	1,543	740
	<u>28,007</u>	<u>19,137</u>

10 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
0 – 30 days	142,900	108,604
31 – 60 days	6,808	3,356
61 – 90 days	1,120	677
Over 90 days	2,011	4,964
	<u>152,839</u>	<u>117,601</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Equity securities listed in Hong Kong investment portfolio (Note i)	1,706	1,532
Unlisted debt securities	34,535	29,514
Others	4,495	4,302
	<u>1,188</u>	<u>1,675</u>
	<u>41,924</u>	<u>37,023</u>

- (i) As at 30th September, 2009, investment portfolio mainly comprised fixed income securities of HK\$19 million (31st March, 2009: HK\$22 million), equity securities of HK\$1 million (31st March, 2009: HK\$1 million) and cash and term deposits of HK\$14 million (31st March, 2009: HK\$4 million).

12 SHARE CAPITAL

	(Unaudited)		(Audited)	
	30th September, 2009		31st March, 2009	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised				
Ordinary shares of HK\$0.10 each				
Beginning and end of the period/year	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
Issued and fully paid				
Beginning of the period/year	555,584	55,558	552,576	55,257
Shares issued under share option schemes (Note 13)	<u>1,010</u>	<u>101</u>	<u>3,008</u>	<u>301</u>
End of the period/year	<u>556,594</u>	<u>55,659</u>	<u>555,584</u>	<u>55,558</u>

13 SHARE OPTIONS

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the “Previous Scheme”), the Company has granted certain options to executives and employees of the Group, including executive directors employed by the Group, to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme was terminated upon the passing of a shareholders’ resolution for adoption of another share option scheme on 19th September, 2000 (the “Scheme”). Accordingly, no further options could be granted under the Previous Scheme since then. However, for the outstanding options granted and yet to be exercised under the Previous Scheme, the existing rights of the grantees are not affected. No share options had been granted under the Scheme since its adoption.

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders’ resolution for the adoption of a new share option scheme (the “New Scheme”). Pursuant to the New Scheme, the Company may grant options to executive and non-executive directors, employees, suppliers and customers of the Group and consultants, advisors, managers, officers and corporations that provided research, development or other technical support to the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Company granted options to certain employees of the Group (including executive directors of the Company) pursuant to the New Scheme.

For options granted under the Previous Scheme, the exercise price in relation to each option was determined by the board of directors of the Company, but in any event would be the higher of (i) the nominal value of the shares of the Company or (ii) an amount which is not less than 80% nor more than 100% of the average of the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) daily quotations sheets for the five business days immediately preceding the date of offer of the option. The exercisable period and the vesting period of the options were also determined by the board of directors and the options shall expire at the end of a 5-year period after the options become exercisable.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 SHARE OPTIONS (Continued)

For options granted under the New Scheme, the exercise price in relation to each option was determined by the board of directors of the Company, but in any event would not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the nominal value of a share. The exercisable period and the vesting period of the options were also determined by the board of directors and the options shall expire at the end of a 5-year period after the options become exercisable save that such period shall not expire later than 10 years from the date of grant.

Movements in share options

	30th September, 2009 '000 (Unaudited)	31st March, 2009 '000 (Audited)
Beginning of the period/year	29,880	33,728
Exercised	(1,010)	(3,008)
Cancelled upon termination of employment	(460)	(840)
End of the period/year	<u>28,410</u>	<u>29,880</u>
Options vested	<u>6,620</u>	<u>7,660</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 SHARE OPTIONS (Continued)

Details of share options

Grant date	Exercise period	Exercise price HK\$	(Unaudited) 30th September, 2009		(Audited) 31st March, 2009	
			Number of options outstanding '000	Number of options vested '000	Number of options outstanding '000	Number of options vested '000
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	290	290	324	324
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	2,800	1,200	2,800	1,200
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	5,262	1,042	5,834	1,514
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,450	863	3,450	863
2nd October, 2007	30th March, 2008 to 1st October, 2017	14.748	16,608	3,225	17,472	3,759
			28,410	6,620	29,880	7,660

14 REVENUE

Six months ended 30th September,

	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Sales of food and beverages	2,318,828	2,262,634
Rental income	18,021	17,615
Royalty income	20,080	23,092
Management and service fee income	5,587	5,283
Sundry income	23,655	33,589
	2,386,171	2,342,213

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 OTHER GAINS/(LOSSES), NET

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
(Loss)/gain on disposals of financial assets at fair value through profit or loss	(52)	387
Loss on disposals of available-for-sale financial assets	(5)	(359)
Dividend income from listed investments	12,450	5,103
Fair value gains/(losses) on financial assets at fair value through profit or loss	1,854	(11,061)
Others	1,743	–
	<u>15,990</u>	<u>(5,930)</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the interim period:

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Cost of raw materials and consumables used	744,995	752,970
Staff costs	591,197	572,729
Operating lease rentals in respect of rented premises	268,724	257,682
Depreciation of property, plant and equipment	78,726	76,128
Amortisation of leasehold land and land use rights	3,064	4,050
Amortisation of trademarks and franchise rights	5,275	5,762
Loss/(gain) on disposal of property, plant and equipment	2,984	(1,729)
Gain on disposal of restaurants (including release of goodwill amounting to HK\$2,973,000)	–	(2,521)
Provision for impairment of trade and other receivables	66	596
	66	596

17 FINANCE INCOME

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Finance income – interest income	3,115	10,026

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Current income tax:		
– Hong Kong profits tax	37,839	35,766
– Overseas taxation	5,338	5,966
Deferred income tax charged/(credited) relating to the origination and reversal of temporary differences	1,536	(930)
	44,713	40,802

19 EARNINGS PER SHARE

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 period.

	Six months ended 30th September,	
	2009 (Unaudited)	2008 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	221,366	200,636
Weighted average number of ordinary shares in issue ('000)	555,799	553,294
Basic earnings per share (HK cents per share)	39.83 HK cents	36.26 HK cents

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 EARNINGS PER SHARE (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are share options. For the share options, a calculation is prepared to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30th September,	
	2009 (Unaudited)	2008 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	221,366	200,636
Weighted average number of ordinary shares in issue ('000)	555,799	553,294
Adjustment to share options ('000)	4,066	4,221
	559,865	557,515
Diluted earnings per share (HK cents per share)	39.54 HK cents	35.99 HK cents

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20 DIVIDENDS

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Dividends proposed		
– Interim, 17 HK cents (2008: 15 HK cents) per share	94,761	83,121
– Special, Nil (2008: 15 HK cents) per share	–	83,121
	94,761	166,242

The interim dividend was declared on 25th November, 2009. This condensed consolidated interim financial information does not reflect this dividend payable.

21 COMMITMENTS

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Capital commitments		
Acquisition of property, plant and equipment		
Authorised and contracted for	76,955	73,594
Authorised but not contracted for	231,788	330,675
	308,743	404,269

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 COMMITMENTS (Continued)

	30th September, 2009 HK\$'000 (Unaudited)	31st March, 2009 HK\$'000 (Audited)
Operating lease commitments		
Land and buildings		
– Not later than one year	473,116	464,095
– Later than one year and not later than five years	748,908	725,574
– Later than five years	127,867	116,584
	1,349,891	1,306,253

22 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Particulars of significant transactions between the Group and related parties are summarised as follows:

	Six months ended 30th September, 2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Operating lease rentals paid to a related party:		
– Tinway Investments Limited (Note i)	1,056	1,056
Franchise fees paid to a related party:		
– illycaffe' s.p.a. (Note ii)	141	310
Accessories charges paid to a related party:		
– illycaffe' s.p.a. (Note ii)	–	247

22 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

- (i) Tinway Investments Limited is a company jointly owned by Ms. Lo Pik Ling, Anita, a director of the Company, an associate of Mr. Chan Yue Kwong, Michael, the Chairman of the Company and Ardley Enterprises Limited, a company wholly and beneficially owned by the family members of Mr. Lo Hoi Kwong, Sunny, a director of the Company.
- (ii) illycaffe' s.p.a. is an associate of illycaffe Asia Pacific Limited, a minority shareholder of the Café de Espressamente illy (HK) Limited, a 70% owned subsidiary of the Group.

The above transactions were carried out in accordance with the terms of the contracts entered into by the Group and the related parties.

(b) Key management compensation

	Six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Salaries and allowances	4,372	4,349
Others	5,504	8,706
	9,876	13,055

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de Coral 樂

