



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



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### **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 Ming Shing, Ian

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**

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

Credit Agricole 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**

HSBC Bank Bermuda Limited

(previously known as

"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**

- **Record high of 37 new operating units in 6 months.**
- **Overall sales increased by 10%.**
- **Profit growth is modest as margin was eroded by surging food cost.**
- **Multi-brand strategy in our western restaurants developing into a sizable 61 units platform.**
- **A scalable business model of 79 Café de Coral units in China market.**
- **Our PRC business platform posted profit growth close to 20%.**
- **Uninterrupted and consistent dividend payment for the 24th consecutive year since listing.**

## 4 Chairman's Statement

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The period under review was mixed with strategic and operational challenges to the Group.

With the gradual recovery of the global economy, in particular, the substantial increase in assets price boosted up by influx of capital, we witnessed an improved market sentiment. However, we also noted that only a minority of the public benefited from the increase in assets price while most of them were faced with rising costs of living, constraining the local spending sentiment.

Under the onslaught of the inflationary environment, the Group has been confronting the rising raw materials costs and other operational overheads. Facing these challenges, we have adopted a variety of measures, be it strategic, operational or geographical, all aiming to enhance our business effectiveness and competitiveness over the longer term.

The half year under review has witnessed a record-high of 37 shop openings within 6 months, whose profit contribution might not be immediately reflected within the period. A modest result was therefore posted with only a low single digit interim profit growth performance, of half year profit remaining at HK\$224 million, while the revenue achieving a 10% increase to HK\$2.63 billion for the six months ended 30th September, 2010.

To continuously 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 16th December, 2010, representing an uninterrupted and consistent dividend payment for the 24 consecutive years since our public listing.

### **HONG KONG BUSINESS PLATFORM**

In the period under review, the same store sales performance of our **Café de Coral** fast food was flat as compared with the same period of last year. Such performance was mainly due to our conservative pricing strategy in face of constrained local spending sentiment, on the one hand and escalating food cost on the other. Being fully aware of these predicaments, we have been positively confronting these by implementing various strategic initiatives on different fronts, such as on-going application of automation initiative in the front line, productivity enhancement in our central processing function to enhance business efficiency, and adoption of an extensive global sourcing policy to contain the raw material cost pressures.

We anticipate that the forthcoming operating environment would present a temporary challenge to the business performance of the Group in the coming year. However, the Group is confident to take advantage of these challenges and to turn crisis into business opportunity, when the whole catering industry may have to go through a consolidation phase.

Meanwhile, the Group continues to pursue its multi-branding development initiative. Our **Super Super Congee & Noodles** becomes another sizeable quick service restaurant platform with 19 outlets as of today, contributing meaningful profits to the Group. On another front, our casual restaurant chains, under our “**360 Series**” and “**Oliver's Super Sandwiches**”, have also stepped up their pace of development with strong same store sales growth. Other than the organic growth initiative, our recent successful acquisition of the “**MIX**” chain of lifestyle restaurants also reinforced our confidence in further merger and acquisition. As the market of casual dining for healthy and nutritional lifestyle is developing rapidly, we will continue to meet the demand of this expanding market. As of today, we have developed a sizeable platform of 61 units in our mid-priced western casual restaurant sector, establishing a solid presence in this market segment.

Furthermore, apart from its traditional clientele from educational and hospital sectors, our institutional catering business, **Asia Pacific Catering**, has also been able to branch out its business into commercial sector with a new list of internationally renowned clients, such as Dragonair and Hong Kong Disneyland, being recently added to our client base.

## PRC BUSINESS PLATFORM

Our PRC development platform is another key sustainable business growth driver of the Group, with a total of 79 **Café de Coral** outlets as of today, spreading over the major cities in the Pearl River Delta Region and the Yangtze River Delta Region.

After years of development, our **Café de Coral** in PRC has not only established a sizeable business platform but has become a meaningful profit contributor to the Group. Together with the contribution from other business units in PRC, our China business achieved a solid profit increase of close to 20% against same period last year.

## 6 Chairman's Statement

In Southern China, a total of 8 new outlets were added into our store portfolio during the period under review. The slower pace of development during the first half of the year is the result of meeting more stringent standards and practices in site-selection process, aiming to improve the success rate for new stores, thereby enhancing the profitability of the stores as a whole. For that matter, the profit contribution in our Southern China stores was most encouraging. We are confident that our pace of development in the region will soon pick up again through the accumulated experience in site-selection process. We are committed to our China business platform and heading firmly towards the vision of 200 outlets in Southern China by 2014.

Other than our quick service restaurants, we also introduced, **The Spaghetti House**, to capture the ever-growing consumer demand arising from middle class market in PRC. As of today, there is a total of 7 outlets in the first tier cities in the Southern China region, where we believe this concept is ready to expand and establish a stronger presence in the years to come.

Turning to the production logistics, I would like to update on the construction progress of our new food processing plant in Guangzhou, PRC. With a budgeted capital expenditure of RMB150 million and a gross floor area of 36,000 square meters, the new food processing plant would be equipped with state-of-the-art automated production facilities to enhance its production efficiency, satisfying the daily demand of 300 outlets. Trial run of the production facilities is expected by the end of this calendar year. The new food processing plant, as per my earlier report, will undoubtedly play a pivotal role in logistic support for our rapid expansion in the Southern China region, which certainly require substantial enhancement in business efficiency, production capacity and staff training.

### **NORTH AMERICA BUSINESS PLATFORM**

Across the Ocean as reported earlier, **Manchu WOK** is now able to shift gear from its consolidation phase some 3 years ago to a growth mode with an aim to increase our scale of operation in this market. Our strategy of developing stores at non-traditional locations has proven to be a success, where we have been able to rebuild our brand image by establishing a solid presence in airports, campuses and military bases. In addition, our efforts in redefining shop design prototype bore fruit, which was evidenced by the recent award of the coveted Canadian Maple Leaf Silver Award from the International Council of Shopping Centers for excellence in retail design. Due to unfavourable sales and construction delay

of a handful of corporate stores located in the United States, no substantial improvement can be reported for the period under review. Nevertheless, we are confident that our **Manchu WOK** has now evolved into a scalable business model of future growth.

## LOOKING AHEAD

Climbing food prices, excessive liquidity and rising wages are expected to push consumer inflation which certainly poses formidable challenges to the local catering industry. We understand that we have to proactively embrace these challenges by adopting various initiatives to balance the interests of our different stakeholders. We also reckon that all these operating pressures would ultimately translate into motivating factors on business productivity. It will ultimately upgrade the overall management's quality of the catering industry as a whole, raise the bar on an optimum business model, and enhance operating efficiency of the individual operator. After all, we all need to compete for the survival of the fittest.

Despite our long term optimism, one word of caution though is our immediate concern over the multiple cost challenges and industry consolidation in the catering sector, which would call for our watchfulness on the market dynamics and the associated business model adjustments. We are fully aware that none of the above strategy would have been achieved without the dedication of our 16,000 staff force, to whom we are most indebted throughout the past 24 years since our public listing.

By order of the Board  
**Chan Yue Kwong, Michael**  
*Chairman*

Hong Kong, 29th November, 2010

## **INTERIM DIVIDEND**

To continuously return value to our shareholders, the Directors have declared the payment of an interim dividend of 17 HK cents (2009: 17 HK cents) per share in respect of the year ending 31st March, 2011, payable on 29th December, 2010 to those persons registered as shareholders on 16th December, 2010.

## **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 16th December, 2010 (Thursday) to 17th December, 2010 (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 15th December, 2010.

## **HUMAN RESOURCES**

As at 30th September, 2010, the Group (other than associated companies and jointly controlled entity) employed approximately 16,000 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. With a 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, such as training on operational safety, management skills as well as mentorship program, 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.

To equip for our 5-year plan execution, we have also instituted an Executive Development Program to enhance on the depth and breath of our management staff for purpose of their future career development.

On employee benefits and welfare side, the Group provides all-round coverage to the employees as well as their families. These programs included medical plan, group life insurance plan, housing scheme, scholarship and education fund for children.

In addition, formalized recreational clubs were organized for our employees through the staff wellness plan, aiming to strike a work-life balance among our employees.

## **FINANCIAL REVIEW**

The Group's financial position, as at 30th September, 2010, continues to be very strong, with a net cash of close to about HK\$924 million and available banking facilities of HK\$661 million.

As at 30th September, 2010, the Group did not have any external borrowing (31st March, 2010: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2010: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2010.

As at 30th September, 2010, the Company has given guarantees totaling approximately HK\$661 million (31st March, 2010: HK\$660 million) 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 entity 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 our exposure to such currency movement.

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

As at 30th September, 2010, 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	-	-	37,383,394	3,100,000	58,315,394	10.37%
Mr. Lo Tak Shing, Peter	(b)	210,000	-	-	89,308,213	200,000	89,718,213	15.96%
Ms. Lo Pik Ling, Anita		13,964,339	-	-	-	610,000	14,574,339	2.59%
Mr. Chan Yue Kwong, Michael	(c)	5,821,407	4,096,000	-	-	2,300,000	12,217,407	2.17%
Mr. Li Kwok Sing, Aubrey	(d)	55,000	-	-	-	-	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	-	-	-	-	25,837	0.01%
Mr. Lo Tang Seong, Victor	(e)	-	-	5,060,000	-	-	5,060,000	0.90%
Mr. Lo Ming Shing, Ian		40,000	-	-	-	-	40,000	0.01%
Mr. Choi Ngai Min, Michael		-	-	-	-	-	-	-
Mr. Kwok Lam Kwong, Larry		-	-	-	-	-	-	-
Mr. Look Guy		-	-	-	-	-	-	-

*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.
- (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) Mr. Chan Yue Kwong, Michael was deemed to be interested in 4,096,000 shares through interests of his spouse.
- (d) These shares were held by Mr. Li Kwok Sing, Aubrey jointly with his spouse.
- (e) Mr. Lo Tang Seong, Victor was deemed to be interested in 5,060,000 shares held by Team Gain International Inc which was wholly-owned by him.
- (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, 2010, 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)					% of total issued shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Total interests	
Wandels Investment Limited	(a)	-	-	-	89,308,213	89,308,213	15.88%
Sky Bright International Limited	(a)	-	-	-	89,308,213	89,308,213	15.88%
Verdant Success Holdings Limited	(a)	-	-	-	89,308,213	89,308,213	15.88%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	(a)	-	-	-	89,308,213	89,308,213	15.88%
Ms. Tso Po Ping	(b)	-	58,315,394	-	-	58,315,394	10.37%
Ardley Enterprises Limited	(c)	-	-	-	37,383,394	37,383,394	6.65%
Lo Hoi Chun	(d)	132,000	-	67,880,834	-	68,012,834	12.10%
Ms. Man Bo King	(e)	-	68,012,834	-	-	68,012,834	12.10%
LBK Holding Corporation	(f)	35,969,133	-	-	-	35,969,133	6.40%
MMW Holding Corporation	(g)	31,911,701	-	-	-	31,911,701	5.68%
Commonwealth Bank of Australia	(h)	50,156,000	-	-	-	50,156,000	8.92%
Matthews International Capital Management, LLC	(i)	39,427,200	-	-	-	39,427,200	7.01%

*Notes:*

- (a) 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.
- (b) 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).
- (c) 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.
- (d) Mr. Lo Hoi Chun was deemed to be interested in 67,880,834 shares which were held, as to 35,969,133 shares, by LBK Holding Corporation (“LBK”) and, as to 31,911,701 shares, by MMW Holding Corporation (“MMW”). Both of LBK and MMW were wholly-owned by Mr. Lo Hoi Chun.
- (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 which is wholly-owned by Mr. Lo Hoi Chun.
- (g) These interests were held by MMW Holding Corporation which is wholly-owned by Mr. Lo Hoi Chun.
- (h) These interests were interests of corporations controlled by Commonwealth Bank of Australia.
- (i) These interests were held in the capacity of investment manager.

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, 2010, 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.

Details of the share options outstanding as at 30th September, 2010 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, 2010	Granted during the period	Options exercised during the period	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 30th September, 2010
<b>Executive Directors</b>							
Mr. Chan Yue Kwong, Michael	1/11/2005 <sup>(a)</sup>	1,200,000	-	(400,000)	-	-	800,000
	2/10/2007 <sup>(b)</sup>	1,500,000	-	-	-	-	1,500,000
Mr. Lo Hoi Kwong, Sunny	1/11/2005 <sup>(a)</sup>	1,600,000	-	-	-	-	1,600,000
	2/10/2007 <sup>(b)</sup>	1,500,000	-	-	-	-	1,500,000
Ms. Lo Pik Ling, Anita	4/11/1999 <sup>(a)</sup>	160,000	-	-	-	-	160,000
	2/10/2007 <sup>(b)</sup>	450,000	-	-	-	-	450,000
Mr. Lo Tak Shing, Peter	2/10/2007 <sup>(b)</sup>	200,000	-	-	-	-	200,000
<b>Continuous contract employees</b>							
	4/11/1999 <sup>(a)</sup>	36,000	-	(6,000)	-	-	30,000
	1/11/2005 <sup>(a)</sup>	4,436,000	-	(922,000)	-	(40,000)	3,474,000
	2/10/2007 <sup>(b)</sup>	14,753,000	-	(2,040,500)	-	(196,000)	12,516,500
		<u>25,835,000</u>	<u>-</u>	<u>(3,368,500)</u>	<u>-</u>	<u>(236,000)</u>	<u>22,230,500</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\$20.15.
- Under the New Scheme and in respect of the category of "Executive Directors", 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\$17.32 where 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\$20.01.

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, 2010, 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.

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, 2010.

## **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, 2010).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30th September, 2010, 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 2010 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules:–

<b>Name of Director</b>	<b>Details of changes</b>
Mr. Chan Yue Kwong, Michael	Mr. Chan was appointed as an independent non-executive director of Tse Sui Luen Jewellery (International) Limited on 25th August, 2010, whose shares are listed on The Stock Exchange of Hong Kong Limited.
Mr. Choi Ngai Min, Michael	Mr. Choi ceased to be a member of the Real Estate and Infrastructure Committee of the Hong Kong General Chamber of Commerce.
Mr. Li Kwok Sing, Aubrey	Mr. Li was appointed as an independent non-executive director of Tai Ping Carpets International Limited on 20th October, 2010, whose shares are listed on The Stock Exchange of Hong Kong Limited.

# Condensed Consolidated Statement of Financial Position (Unaudited) 19

*As at 30th September, 2010*

	Note	As at 30th September, 2010 HK\$'000	As at 31st March, 2010 HK\$'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>1,121,395</b>	1,033,870
Leasehold land and land use rights	5	<b>68,383</b>	69,058
Investment properties	5	<b>266,100</b>	266,100
Intangible assets	5	<b>182,267</b>	190,848
Investments in associates	7	<b>24,867</b>	20,578
Investment in a jointly controlled entity	8	<b>4,239</b>	4,118
Deferred income tax assets		<b>13,262</b>	6,832
Retirement benefit assets		<b>22,975</b>	20,412
Available-for-sale financial assets	6	<b>378,051</b>	351,695
Non-current prepayments and deposits		<b>192,905</b>	197,791
Financial assets at fair value through profit or loss	11	<b>38,259</b>	30,294
		<b>2,312,703</b>	2,191,596
<b>Current assets</b>			
Inventories		<b>128,508</b>	110,370
Trade and other receivables	9	<b>65,495</b>	56,149
Prepayments and deposits		<b>112,946</b>	105,773
Financial assets at fair value through profit or loss	11	<b>77,999</b>	69,954
Cash and cash equivalents		<b>924,234</b>	968,559
		<b>1,309,182</b>	1,310,805
<b>Total assets</b>		<b>3,621,885</b>	3,502,401
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	12	<b>56,224</b>	55,887
Reserves (including interim dividend proposed of HK\$95,642,000; 31st March, 2010: final dividend proposed of HK\$252,419,000)		<b>2,815,950</b>	2,797,518
		<b>2,872,174</b>	2,853,405
<b>Minority interest</b>		<b>1,582</b>	1,595
<b>Total equity</b>		<b>2,873,756</b>	2,855,000

20 Condensed Consolidated Statement of Financial Position (Unaudited) (Continued)  
As at 30th September, 2010

	Note	As at 30th September, 2010 HK\$'000	As at 31st March, 2010 HK\$'000 (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		57,856	56,303
Provision for long service payments		8,633	8,255
		66,489	64,558
<b>Current liabilities</b>			
Trade payables	10	178,671	147,969
Other creditors and accrued liabilities		450,249	399,603
Current income tax liabilities		52,720	35,271
		681,640	582,843
<b>Total liabilities</b>		748,129	647,401
<b>Total equity and liabilities</b>		3,621,885	3,502,401
<b>Net current assets</b>		627,542	727,962
<b>Total assets less current liabilities</b>		2,940,245	2,919,558

The notes on pages 26 to 50 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Income Statement (Unaudited) 21

*For the six months ended 30th September, 2010*

		<b>Six months ended 30th September,</b>	
		2010	2009
		HK\$'000	HK\$'000
	Note		
<b>Revenue</b>	14	<b>2,632,910</b>	2,386,171
Cost of sales		<b>(2,253,258)</b>	(2,014,005)
Gross profit		<b>379,652</b>	372,166
Administrative expenses		<b>(132,702)</b>	(126,918)
Other gains, net	15	<b>18,217</b>	15,990
<b>Operating profit</b>	16	<b>265,167</b>	261,238
Finance income	17	<b>5,041</b>	3,115
Share of profit/(loss) of			
– Associates		<b>1,802</b>	1,078
– Jointly controlled entity		<b>(37)</b>	353
<b>Profit before income tax</b>		<b>271,973</b>	265,784
Income tax expense	18	<b>(48,102)</b>	(44,713)
Profit for the period		<b>223,871</b>	221,071
Allocated as:			
Loss attributable to minority interest		<b>(13)</b>	(295)
<b>Profit attributable to equity holders of the Company</b>		<b>223,884</b>	221,366
Earnings per share for profit attributable to equity holders of the Company, expressed in HK cents per share			
– Basic	19	<b>39.94 HK cents</b>	39.83 HK cents
– Diluted	19	<b>39.52 HK cents</b>	39.54 HK cents
Dividends			
– Interim	20	<b>95,642</b>	94,761

The notes on pages 26 to 50 are an integral part of this condensed consolidated interim financial information.

## 22 Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th September, 2010

	<b>Six months ended 30th September,</b>	
	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>
Profit for the period	<b>223,871</b>	221,071
Other comprehensive income/(loss):		
Exchange differences arising on translation of foreign subsidiaries, jointly controlled entity and associates	<b>7,008</b>	23,658
Fair value (losses)/gains, net of tax: – available-for-sale financial assets	<b>(3,191)</b>	100,797
<b>Other comprehensive income for the period, net of tax</b>	<b>3,817</b>	124,455
<b>Total comprehensive income for the period</b>	<b>227,688</b>	345,526
<b>Total comprehensive income/(loss) attributable to:</b>		
– Equity holders of the Company	<b>227,701</b>	345,821
– Minority interest	<b>(13)</b>	(295)
	<b>227,688</b>	345,526

The notes on pages 26 to 50 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Changes in Equity (Unaudited) 23

*For the six months ended 30th September, 2010*

	Attributable to equity holders of the Company				Minority interest	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1st April, 2010</b>	55,887	775,767	2,021,751	2,853,405	1,595	2,855,000
Profit/(loss) for the period	-	-	223,884	223,884	(13)	223,871
Other comprehensive income/(loss):						
Exchange differences arising on translation of foreign subsidiaries, jointly controlled entity and associates	-	7,008	-	7,008	-	7,008
Fair value losses, net of tax: - available-for-sale financial assets	-	(3,191)	-	(3,191)	-	(3,191)
<b>Total comprehensive income/(loss) for the six months ended 30th September, 2010</b>	-	3,817	223,884	227,701	(13)	227,688
Employees share option scheme - value of employee services	-	4,773	-	4,773	-	4,773
Reserve released upon disposal of available-for-sale financial assets	-	(2,427)	-	(2,427)	-	(2,427)
Proceeds from shares issued	337	41,361	-	41,698	-	41,698
Dividends	-	-	(252,976)	(252,976)	-	(252,976)
	337	43,707	(252,976)	(208,932)	-	(208,932)
<b>Balance at 30th September, 2010</b>	56,224	823,291	1,992,659	2,872,174	1,582	2,873,756

24 **Condensed Consolidated Statement of Changes in Equity (Unaudited) (Continued)**  
*For the six months ended 30th September, 2010*

	Attributable to equity holders of the Company				Minority interest	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1st April, 2009</b>	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 entity 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
<b>Total comprehensive income/(loss) for the six months ended 30th September, 2009</b>	-	124,455	221,366	345,821	(295)	345,526
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)
	101	19,281	(211,437)	(192,055)	-	(192,055)
<b>Balance at 30th September, 2009</b>	<b>55,659</b>	<b>685,676</b>	<b>1,787,526</b>	<b>2,528,861</b>	<b>1,803</b>	<b>2,530,664</b>

The notes on pages 26 to 50 are an integral part of this condensed consolidated interim financial information.

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	<b>372,815</b>	368,351
Net cash used in investing activities	<b>(214,157)</b>	(176,272)
Net cash used in financing activities	<b>(211,278)</b>	(199,774)
Net decrease in cash and cash equivalents	<b>(52,620)</b>	(7,695)
Cash and cash equivalents at beginning of the period	<b>968,559</b>	894,369
Effect of foreign exchange rate changes	<b>8,295</b>	(4,943)
Cash and cash equivalents at end of the period	<b>924,234</b>	881,731

The notes on pages 26 to 50 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’s shares are listed 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 29th November, 2010.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30th September, 2010 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, 2010, 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, 2010, 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 Group has adopted new and amended standards and interpretations of HKFRS that are effective for the accounting periods beginning on or after 1st April, 2010.

Except for the reclassification of certain leasehold land held in Hong Kong, the adoption of these new and amended standards and interpretations does not have material impact on this condensed consolidated interim financial information and does not result in substantial changes to the Group's accounting policies.

HKAS 17 (Amendment), "Leases", requires leasehold land to be classified as a finance lease as if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transactions price) of certain land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, it has been classified as a finance lease. This amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

**3 ACCOUNTING POLICIES** (Continued)

Effect of adopting HKAS 17 (Amendment) on this condensed consolidated interim financial information is as follows:

	As at 30th September, 2010 HK\$'000 (Unaudited)	As at 31st March, 2010 HK\$'000 (Unaudited)
Condensed consolidated statement of financial position:		
Increase/(decrease) in assets:		
Property, plant and equipment	<b>307,676</b>	265,234
Leasehold land and land use rights	<b>(307,676)</b>	(265,234)
	<u><u>                    </u></u>	<u><u>                    </u></u>

	Six months ended 30th September, 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Condensed consolidated income statement:		
Increase/(decrease) in expenses:		
Depreciation of property, plant and equipment	<b>2,928</b>	2,635
Amortisation of leasehold land and land use rights	<b>(2,928)</b>	(2,635)
	<u><u>                    </u></u>	<u><u>                    </u></u>

### 3 ACCOUNTING POLICIES (Continued)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st April, 2009 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 24 (Revised)	Related Party Disclosures	1st January, 2011
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters	1st July, 2010
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1st July, 2011
HKFRS 9	Financial Instruments	1st January, 2013
HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement	1st January, 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July, 2010

### 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 speciality restaurant chains, and the food processing and distribution business.

**4 SEGMENT INFORMATION** (Continued)

The segment information for the reportable segments for the six months ended 30th September, 2010 is as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
<b>Six months ended</b>				
<b>30th September, 2010</b>				
Total segment revenue	<b>2,151,568</b>	<b>426,121</b>	<b>104,880</b>	<b>2,682,569</b>
Inter-segment revenue (Note i)	<b>(2,573)</b>	<b>(47,086)</b>	<b>-</b>	<b>(49,659)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revenue (from external revenue) (Note ii)</b>	<b>2,148,995</b>	<b>379,035</b>	<b>104,880</b>	<b>2,632,910</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(loss) before income tax</b>	<b>242,353</b>	<b>31,852</b>	<b>(2,232)</b>	<b>271,973</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and amortisation	<b>73,174</b>	<b>34,183</b>	<b>7,393</b>	<b>114,750</b>
Finance income	<b>4,304</b>	<b>677</b>	<b>60</b>	<b>5,041</b>
Share of profit of associates	<b>1,054</b>	<b>748</b>	<b>-</b>	<b>1,802</b>
Share of loss of a jointly controlled entity	<b>-</b>	<b>(37)</b>	<b>-</b>	<b>(37)</b>
Income tax expense/(credit)	<b>40,274</b>	<b>9,777</b>	<b>(1,949)</b>	<b>48,102</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**4 SEGMENT INFORMATION** (Continued)

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
<b>Six months ended</b>				
<b>30th September, 2009</b>				
Total segment revenue	1,997,833	347,760	90,112	2,435,705
Inter-segment revenue (Note i)	(1,381)	(48,153)	–	(49,534)
<b>Revenue (from external revenue) (Note ii)</b>	<u>1,996,452</u>	<u>299,607</u>	<u>90,112</u>	<u>2,386,171</u>
<b>Profit/(loss) before income tax</b>	<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 a jointly controlled entity	–	353	–	353
Income tax expense/(credit)	<u>39,375</u>	<u>6,598</u>	<u>(1,260)</u>	<u>44,713</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, 2010, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

**4 SEGMENT INFORMATION** (Continued)

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
<b>As at 30th September, 2010</b>				
<b>Segment assets</b>	<b>2,073,790</b>	<b>749,937</b>	<b>267,612</b>	<b>3,091,339</b>
Segment assets include:				
Investments in associates	5,502	17,040	2,325	24,867
Investment in a jointly controlled entity	-	4,239	-	4,239
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	170,001	41,792	10,223	222,016
<b>As at 31st March, 2010</b>				
<b>Segment assets</b>	<b>2,125,149</b>	<b>624,156</b>	<b>273,909</b>	<b>3,023,214</b>
Segment assets include:				
Investments in associates	4,568	16,010	-	20,578
Investment in a jointly controlled entity	-	4,118	-	4,118
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	202,214	114,922	7,246	324,382

**4 SEGMENT INFORMATION** (Continued)

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

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
Total segment assets	<b>3,091,339</b>	3,023,214
Deferred income tax assets	<b>13,262</b>	6,832
Available-for-sale financial assets	<b>378,051</b>	351,695
Financial assets at fair value through profit or loss	<b>116,258</b>	100,248
Retirement benefit assets	<b>22,975</b>	20,412
Total assets	<b>3,621,885</b>	3,502,401

## 5 CAPITAL EXPENDITURE

	Intangible assets						Total
	Goodwill	Other intangible assets	Total intangible assets	Investment properties	Property, plant and equipment	Leasehold land and land use rights	
<b>Period ended</b>							
<b>30th September, 2010</b>							
Opening net book amount, as restated	99,794	91,054	190,848	266,100	1,033,870	69,058	1,559,876
Disposal of a subsidiary	-	-	-	-	(904)	-	(904)
Additions	-	-	-	-	194,660	-	194,660
Depreciation/amortisation expense	-	(5,796)	(5,796)	-	(107,855)	(1,099)	(114,750)
Disposals	(105)	-	(105)	-	(3,013)	-	(3,118)
Exchange differences	(1,460)	(1,220)	(2,680)	-	4,637	424	2,381
Closing net book amount	<u>98,229</u>	<u>84,038</u>	<u>182,267</u>	<u>266,100</u>	<u>1,121,395</u>	<u>68,383</u>	<u>1,638,145</u>
<b>At 30th September, 2010</b>							
Cost/valuation	115,421	189,631	305,052	266,100	2,602,439	91,254	3,264,845
Accumulated depreciation/ amortisation	(17,192)	(105,593)	(122,785)	-	(1,481,044)	(22,871)	(1,626,700)
Net book amount	<u>98,229</u>	<u>84,038</u>	<u>182,267</u>	<u>266,100</u>	<u>1,121,395</u>	<u>68,383</u>	<u>1,638,145</u>

**5 CAPITAL EXPENDITURE** (Continued)

	Intangible assets						Total
	Goodwill	Other intangible assets	Total intangible assets	Investment properties	Property, plant and equipment	Leasehold	
						land and land use rights	
HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
<b>Period ended</b>							
<b>30th September, 2009</b>							
Opening net book amount, as restated	81,565	84,488	166,053	230,800	903,805	70,417	1,371,075
Additions	-	-	-	-	158,453	-	158,453
Depreciation/amortisation expense	-	(5,275)	(5,275)	-	(81,361)	(429)	(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>981,152</u>	<u>70,090</u>	<u>1,468,305</u>
<b>At 30th September, 2009</b>							
Cost/valuation	108,797	184,158	292,955	230,800	2,311,527	90,735	2,926,017
Accumulated depreciation/amortisation	(14,138)	(92,554)	(106,692)	-	(1,330,375)	(20,645)	(1,457,712)
Net book amount	<u>94,659</u>	<u>91,604</u>	<u>186,263</u>	<u>230,800</u>	<u>981,152</u>	<u>70,090</u>	<u>1,468,305</u>

## 6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September, 2010 <i>HK\$'000</i> (Unaudited)	31st March, 2010 <i>HK\$'000</i> (Unaudited)
Available-for-sale financial assets:		
– Listed investments	<b>377,469</b>	343,643
– Others	<b>582</b>	8,052
	<b>378,051</b>	351,695

## 7 INVESTMENTS IN ASSOCIATES

	30th September, 2010 <i>HK\$'000</i> (Unaudited)	31st March, 2010 <i>HK\$'000</i> (Unaudited)
Share of net assets	<b>20,949</b>	16,660
Goodwill	<b>2,802</b>	2,802
Due from associates	<b>1,116</b>	1,116
	<b>24,867</b>	20,578

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

**8 INVESTMENT IN A JOINTLY CONTROLLED ENTITY**

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
Share of net assets	<b>4,239</b>	4,118
	<b>4,239</b>	4,118

**9 TRADE AND OTHER RECEIVABLES**

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
Trade receivables	<b>27,530</b>	22,864
Less: provision for impairment of receivables	<b>(922)</b>	(992)
Trade receivables – net	<b>26,608</b>	21,872
Other receivables	<b>38,887</b>	34,277
	<b>65,495</b>	56,149

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 and its franchisees.

## 9 TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables is as follows:

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
0 – 30 days	<b>22,335</b>	17,749
31 – 60 days	<b>3,156</b>	2,045
61 – 90 days	<b>336</b>	1,273
Over 90 days	<b>1,703</b>	1,797
	<hr/> <b>27,530</b> <hr/>	<hr/> 22,864 <hr/>

## 10 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
0 – 30 days	<b>164,911</b>	123,958
31 – 60 days	<b>8,401</b>	10,796
61 – 90 days	<b>2,359</b>	4,623
Over 90 days	<b>3,000</b>	8,592
	<hr/> <b>178,671</b> <hr/>	<hr/> 147,969 <hr/>

**11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30th September, 2010 HK\$'000 (Unaudited)	31st March, 2010 HK\$'000 (Unaudited)
Non-current financial assets at fair value through profit or loss:		
Guarantee deposit notes	<b>38,259</b>	30,294
Current financial assets at fair value through profit or loss:		
Investment portfolio ( <i>Note i</i> )	<b>39,832</b>	32,166
Derivative financial instruments:		
– Credit-linked note	<b>15,522</b>	15,528
– Others	<b>4,633</b>	4,635
Unlisted funds	<b>18,012</b>	17,625
	<b>77,999</b>	69,954
Total	<b>116,258</b>	100,248

- (i) As at 30th September, 2010, investment portfolio mainly comprises debt securities of HK\$23 million (31st March, 2010: HK\$19 million) and equity securities of HK\$16 million (31st March, 2010: HK\$12 million).

## 12 SHARE CAPITAL

	(Unaudited) 30th September, 2010		(Unaudited) 31st March, 2010	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
<b>Authorised</b>				
Ordinary shares of HK\$0.10 each				
Beginning and end of the period/year	<b>1,000,000</b>	<b>100,000</b>	1,000,000	100,000
<b>Issued and fully paid</b>				
Beginning of the period/year	<b>558,869</b>	<b>55,887</b>	555,584	55,558
Shares issued under share option scheme (Note 13)	<b>3,368</b>	<b>337</b>	3,285	329
End of the period/year	<b>562,237</b>	<b>56,224</b>	558,869	55,887

## 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.

**13 SHARE OPTIONS** *(Continued)*

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.

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.

**13 SHARE OPTIONS** (Continued)

**Movements in share options**

	30th September, 2010 '000 (Unaudited)	31st March, 2010 '000 (Unaudited)
Beginning of the period/year	<b>25,835</b>	29,880
Exercised	<b>(3,368)</b>	(3,285)
Cancelled upon termination of employment	<b>(236)</b>	(760)
End of the period/year	<b>22,231</b>	25,835
Options vested	<b>7,590</b>	10,979

**13 SHARE OPTIONS** (Continued)**Details of share options**

Grant Date	Exercise period	Exercise price HK\$	(Unaudited) 30th September, 2010		(Unaudited) 31st March, 2010	
			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	190	190	196	196
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	2,400	1,600	2,800	2,000
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	3,474	1,194	4,436	2,116
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,450	1,553	3,450	1,553
2nd October, 2007	30th March, 2008 to 1st October, 2017	14.748	12,717	3,053	14,953	5,114
			<b>22,231</b>	<b>7,590</b>	25,835	10,979

**14 REVENUE****Six months  
ended 30th September,**

	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Sales of food and beverages	2,556,198	2,318,828
Rental income	18,876	18,021
Royalty income	20,430	20,080
Management and service fee income	5,517	5,587
Sundry income	31,889	23,655
	<b>2,632,910</b>	2,386,171

## 15 OTHER GAINS/(LOSSES), NET

	<b>Six months ended 30th September,</b>	
	<b>2010 HK\$'000 (Unaudited)</b>	<b>2009 HK\$'000 (Unaudited)</b>
Gain/(loss) on disposals of financial assets at fair value through profit or loss	<b>1</b>	(52)
Gain/(loss) on disposals of available-for-sale financial assets	<b>6,498</b>	(5)
Dividend income from listed investments	<b>14,069</b>	12,450
Fair value (losses)/gains on financial assets at fair value through profit or loss	<b>(18)</b>	1,854
Others	<b>(2,333)</b>	1,743
	<b>18,217</b>	15,990

## 16 OPERATING PROFIT

The following items have been charged to the operating profit during the interim period:

	<b>Six months ended 30th September,</b>	
	<b>2010 HK\$'000 (Unaudited)</b>	<b>2009 HK\$'000 (Unaudited) (Restated)</b>
Cost of raw materials and consumables used	<b>845,127</b>	744,995
Staff costs	<b>643,492</b>	591,197
Operating lease rentals in respect of rented premises	<b>293,836</b>	268,724
Depreciation of property, plant and equipment	<b>107,855</b>	81,361
Amortisation of leasehold land and land use rights	<b>1,099</b>	429
Amortisation of trademarks and franchise rights	<b>5,796</b>	5,275
Loss on disposal of property, plant and equipment	<b>2,917</b>	2,984
Provision for impairment of trade and other receivables	<b>80</b>	66

**17 FINANCE INCOME**

	<b>Six months ended 30th September,</b>	
	<b>2010 HK\$'000 (Unaudited)</b>	<b>2009 HK\$'000 (Unaudited)</b>
Interest income	<b>5,041</b>	3,115

**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% (2009: 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.

	<b>Six months ended 30th September,</b>	
	<b>2010 HK\$'000 (Unaudited)</b>	<b>2009 HK\$'000 (Unaudited)</b>
Current income tax:		
– Hong Kong profits tax	<b>39,297</b>	37,839
– Overseas taxation	<b>9,428</b>	5,338
Deferred income tax relating to the origination and reversal of temporary differences	<b>(623)</b>	1,536
	<b>48,102</b>	44,713

## 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.

	<b>Six months ended 30th September,</b>	
	<b>2010 (Unaudited)</b>	2009 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<b>223,884</b>	221,366
Weighted average number of ordinary shares in issue ('000)	<b>560,581</b>	555,799
Basic earnings per share (HK cents per share)	<b><u>39.94 HK cents</u></b>	<u>39.83 HK cents</u>

**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.

	<b>Six months ended 30th September,</b>	
	<b>2010 (Unaudited)</b>	2009 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<b>223,884</b>	221,366
Weighted average number of ordinary shares in issue ('000)	<b>560,581</b>	555,799
Adjustment to share options ('000)	<b>5,938</b>	4,066
	<b>566,519</b>	559,865
Diluted earnings per share (HK cents per share)	<b>39.52 HK cents</b>	39.54 HK cents

## 20 DIVIDENDS

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Dividends proposed		
– Interim, 17 HK cents		
(2009: 17 HK cents) per share	<b>95,642</b>	94,761

The interim dividend was declared on 29th November, 2010. This condensed consolidated interim financial information does not reflect this dividend payable.

## 21 CAPITAL COMMITMENTS

	<b>30th September, 2010</b>	<b>31st March, 2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Acquisition of property, plant and equipment		
Authorised and contracted for	<b>55,373</b>	49,689
Authorised but not contracted for	<b>240,332</b>	328,181
	<b>295,705</b>	377,870

**22 RELATED PARTY TRANSACTIONS****(a) Transactions with related parties**

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

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating lease rentals paid to a related party:		
– Tinway Investments Limited (Note (i))	<b>960</b>	1,056
Franchise fees paid to a related party:		
– illycaffe SpA (Note ii)	<b>213</b>	141

- (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 SpA is an associate (as defined under the Listing Rules) of a minority shareholder of 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.

**22 RELATED PARTY TRANSACTIONS** (Continued)

**(b) Key management compensation**

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and allowances	<b>4,490</b>	4,372
Others	<b>9,534</b>	5,504
	<b>14,024</b>	9,876

Café 大家樂  
de Coral 樂

