



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

千載不變

上市



週年...

大家樂見

Interim Report 2011  
中期報告



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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**

Mayer Brown 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**

- **Sales turnover recorded a steady growth of 10% in the first half year, but profit declined by 15%.**
- **Profit was impacted by the surge in food costs and rental, and the implementation of minimum wages in Hong Kong.**
- **Development of 25 Super Super Congee & Noodles shops into a meaningful platform in Hong Kong.**
- **Successful development over 100 stores in Eastern and Southern China as our major growth driver in the future.**
- **PRC central food processing plant commenced operation in May 2011 with productivity enhancement.**
- **A consistent interim dividend of 17 HK cents per share declared to shareholders.**

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## 4 Chairman's Statement

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Soaring raw material costs and the severe impact of the statutory minimum wage policy on the Hong Kong catering industry, coupled with an inflationary operating environment in the region, have all presented strong challenges to the Group in the first half of the year under review.

Confronted with the burden of the surge in costs on all fronts and given our prudent pricing strategy, margin erosion was inevitable. The Group registered, for the period under review, a steady growth of 10% in total turnover whilst profit attributable to shareholders was HK\$191 million, a first time year-on-year decline of 15% in eight years since the outbreak of SARS in 2003.

In keeping with our commitment for a steady return to shareholders, the board of directors resolved to pay an interim dividend of 17 HK cents per share to the shareholders whose names appear on the register of members of the Company on 15th December, 2011.

### **HONG KONG BUSINESS PLATFORM**

During the period under review, our fast food business could still maintain a reasonable sales growth. However, operating expense escalation as a result of a surge in food material costs, a rise in rent and the implementation of the statutory minimum wage policy have posted tremendous pressure to the catering industry. On the revenue front, given the inflationary pressure on domestic consumption, we could only adopt a relatively prudent approach on price increment to maintain customers' volume. As a result, our profit margin eroded by a significant 2% during the period under review.

As I pre-warned in my earlier statements, the implementation of the minimum wage in 2011 would heavily impact on the catering sector, especially for large employers like Café de Coral with half of our workforce of about 7,800 staff resulting a 19% wage increase in one stroke. Our annual payroll is expected to increase close to HK\$120 million within the year. Despite these challenges, we advance in strides with various development initiatives, realizing that it would take some time for the catering industry to adjust to a new market equilibrium.

To further strengthen our presence as a leading fast food catering network in the mass market, a total of 10 new fast food shops were opened for our **Café de Coral** fast food and **Super Super Congee & Noodles** restaurants in large-scale private residential districts and high traffic shopping malls. With success now proven, the 25 **Super Super Congee & Noodles** shops have now become a scalable business platform and are helping to broaden our customer base.

On another front, strong inflows of visitors from the Mainland, continued income growth and government relief policies have all stimulated demand in our mid-priced western style restaurants, particularly in the fast casual concept of **The Spaghetti House** and **Oliver's Super Sandwiches**.

Our institutional catering business also had to confront with contracts expiring during the period under review. Riding on our years of credentials, we were able to enter into meaningful negotiations on contract renewal and contract terms with our various clients. Four new contracts were successfully renewed with reputable clients from banking sector, education institutions and hospitals.

## PRC BUSINESS PLATFORM

During the period under review, we have taken an aggressive expansion pace in our China growth platform on all fronts, which now includes a total of 90 **Café de Coral** shops, 15 institutional catering units and 8 **The Spaghetti House** outlets. We are proud to witness the growth of our China business platform into a formidable and sizeable operation with well over 100 stores in the PRC. We remain committed in pursuing our aggressive branch development strategy in the Mainland China region, heading firmly towards the goal of 200 outlets by 2014, in order to capture increasingly the vast potential of this market segment.

At the same time, our new central food processing plant has officially commenced operation in May of this year, which carries a production capacity capable to cater for well over 350 shops. Having said that, we have to be well prepared for the short-term burden of the escalating pre-opening expenses and depreciation charges as they are paving the way for long-term enhancement in business efficiency and productivity.

### **NORTH AMERICA BUSINESS PLATFORM**

Across the ocean, **Manchu WOK** has been improving on its operating performance and business results. Our strategy in working closely with our strategic master franchisees and our efforts in introducing new shop design prototype also contributed to our initial success in business improvement.

While we are facing the continued economic sluggishness in North America, we remain proactive in identifying any opportunities to enhance value in this part of our business.

### **LOOKING AHEAD**

The future is rapidly changing in front of our eyes. Given the challenging employment dynamics, the persistent cost inflation pressures, and the competitive leasing landscape, the rules of the game for our business operations in the Hong Kong would never be the same. I reckon that all the challenges we have faced this year had alerted management to re-examine the ways we run our business in our home market, and strengthen our resolve to further improve on our production and operational efficiencies to become more cost effective and price competitive. In the process, we recognize that inevitably our profit margins would be negatively impacted in the short term.

However, in the medium to longer term, we remain optimistic and confident about our future as I believe that the breadth and high caliber of our management team and the depth of our operational experience would give us the edge to rise above any adversity and come out stronger and as resilient as ever. On this note, I am glad that we have long set our sights on sustainable growth, and for the past couple of years have placed high on our agenda a programme, to develop a steady stream of staff with potentials from within and outside our group, in order that we may attend to our future business needs and support our continuous organic growth and territorial expansion.

Under this chartered course, I also reckon that the Group has now grown to such a size and scale that a new organizational structure and succession planning are warranted. We are now intensively undergoing a management restructuring to better equip ourselves with the management resources to support the growth initiatives for a sustainable future. Equally, we believe a sound management succession plan is critical for us to be well prepared for the challenges and opportunities ahead. I strongly believe that these new initiatives will allow the more effective management of our diverse and fast growing business, and forge a more promising future for the Group in the years to come.

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

Hong Kong, 29th November, 2011



## **INTERIM DIVIDEND**

To continuously return value to our shareholders, the Directors have declared the payment of an interim dividend of 17 HK cents (2010: 17 HK cents) per share in respect of the six months ended 30th September, 2011 payable on 29th December, 2011 to those persons registered as shareholders on 15th December, 2011.

## **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 15th December, 2011 (Thursday) to 16th December, 2011 (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 14th December, 2011.

## **HUMAN RESOURCES**

As at 30th September, 2011, the Group (other than associated companies and jointly controlled entities) employed approximately 16,600 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 breadth 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, 2011, continues to be very strong, with a net cash of close to about HK\$1.2 billion and available banking facilities of HK\$626 million.

As at 30th September, 2011, the Group did not have any external borrowing (31st March, 2011: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2011: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2011.

As at 30th September, 2011, the Company has given guarantees totaling approximately HK\$626 million (31st March, 2011: HK\$626 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 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 our exposure to such currency movement.

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

As at 30th September, 2011, 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	10.31%
Mr. Lo Tak Shing, Peter	(b)	210,000	-	-	89,308,213	200,000	89,718,213	15.86%
Ms. Lo Pik Ling, Anita		14,044,339	-	-	-	530,000	14,574,339	2.58%
Mr. Chan Yue Kwong, Michael	(c)	5,821,407	4,096,000	-	-	2,300,000	12,217,407	2.16%
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	0.89%
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, 2011, 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	15.79%
Sky Bright International Limited	(a)	-	-	-	89,308,213	89,308,213	15.79%
Verdant Success Holdings Limited	(a)	-	-	-	89,308,213	89,308,213	15.79%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	(a)	-	-	-	89,308,213	89,308,213	15.79%
Ms. Tso Po Ping	(b)	-	58,315,394	-	-	58,315,394	10.31%
Ardley Enterprises Limited	(c)	-	-	-	37,383,394	37,383,394	6.61%
Mr. Lo Hoi Chun	(d)	132,000	-	67,880,834	-	68,012,834	12.02%
Ms. Man Bo King	(e)	-	68,012,834	-	-	68,012,834	12.02%
LBK Holding Corporation	(f)	35,969,133	-	-	-	35,969,133	6.36%
MMW Holding Corporation	(g)	31,911,701	-	-	-	31,911,701	5.64%
Matthews International Capital Management, LLC	(h)	45,296,100	-	-	-	45,296,100	8.01%
Aberdeen Asset Management Plc and its Associates	(h)	28,340,000	-	-	-	28,340,000	5.01%

*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 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, 2011, 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, 2011 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, 2011	Granted during the period	Options exercised during the period	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 30th September, 2011
<b>Executive Directors</b>							
Mr. Chan Yue Kwong, Michael	1/11/2005 <sup>(a)</sup>	800,000	-	-	-	-	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>	80,000	-	-	-	-	80,000
	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>	30,000	-	-	-	-	30,000
	1/11/2005 <sup>(a)</sup>	3,118,000	-	(839,000)	-	(20,000)	2,259,000
	2/10/2007 <sup>(b)</sup>	11,847,500	-	(1,632,500)	-	(126,000)	10,089,000
	28/10/2010 <sup>(b)</sup>	4,040,000	-	-	-	(400,000)	3,640,000
		<u>25,165,500</u>	<u>-</u>	<u>(2,471,500)</u>	<u>-</u>	<u>(546,000)</u>	<u>22,148,000</u>

Notes:

- The share options were granted under the Previous Scheme.
- The share options were granted under the New Scheme.
- 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\$18.92.



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.

Share Options granted under the New Scheme on 28th October 2010 are exercisable at HK\$22.37 per share (in respect of the continuous contract employees). The holders of the said share options may exercise the share options during the period from 31st March, 2011 to 27th October 2020.

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, 2011, 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, 2011.

## **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, 2011).

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

During the six months ended 30th September, 2011, 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 2011 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. Kwok Lam Kwong, Larry	Mr. Kwok resigned as an independent non-executive director of Carry Wealth Holdings Limited with effect from 9th September, 2011.

# Condensed Consolidated Statement of Financial Position (Unaudited) 19

*As at 30th September, 2011*

	Note	As at 30th September, 2011 HK\$'000 (Unaudited)	As at 31st March, 2011 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Leasehold land and land use rights	5	98,340	67,810
Property, plant and equipment	5	1,348,685	1,175,764
Investment properties	5	281,200	316,200
Intangible assets	5	172,015	190,676
Investments in associates	7	21,391	21,271
Investment in a jointly controlled entity	8	4,322	4,240
Deferred income tax assets		17,766	14,160
Retirement benefit assets		17,276	14,361
Available-for-sale financial assets	6	263,292	324,052
Non-current prepayments and deposits		236,899	228,369
Financial assets at fair value through profit or loss	11	29,698	38,392
		<b>2,490,884</b>	2,395,295
<b>Current assets</b>			
Inventories		193,979	170,986
Trade and other receivables	9	91,228	54,333
Prepayments and deposits		83,903	101,534
Financial assets at fair value through profit or loss	11	37,014	65,902
Cash and cash equivalents		1,212,771	993,333
		<b>1,618,895</b>	1,386,088
<b>Total assets</b>		<b>4,109,779</b>	3,781,383
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	12	56,560	56,313
Other reserves		851,942	836,259
Retained earnings			
– Proposed dividends		96,231	395,098
– Others		2,271,840	1,778,160
		<b>3,276,573</b>	3,065,830
<b>Non-controlling interests</b>		<b>1,593</b>	1,589
<b>Total equity</b>		<b>3,278,166</b>	3,067,419

20 Condensed Consolidated Statement of Financial Position (Unaudited) (Continued)  
As at 30th September, 2011

	Note	As at 30th September, 2011 HK\$'000 (Unaudited)	As at 31st March, 2011 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		55,760	61,117
Provision for long service payments		14,550	14,249
		70,310	75,366
<b>Current liabilities</b>			
Trade payables	10	200,704	172,413
Other creditors and accrued liabilities		526,009	440,361
Current income tax liabilities		34,590	25,824
		761,303	638,598
<b>Total liabilities</b>		831,613	713,964
<b>Total equity and liabilities</b>		4,109,779	3,781,383
<b>Net current assets</b>		857,592	747,490
<b>Total assets less current liabilities</b>		3,348,476	3,142,785

The notes on pages 26 to 48 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Income Statement (Unaudited) 21

*For the six months ended 30th September, 2011*

		<b>Six months ended 30th September,</b>	
		2011	2010
		HK\$'000	HK\$'000
	Note		
<b>Revenue</b>	14	<b>2,901,229</b>	2,632,910
Cost of sales		<b>(2,559,480)</b>	(2,253,258)
Gross profit		<b>341,749</b>	379,652
Administrative expenses		<b>(136,472)</b>	(132,702)
Other gains, net	15	<b>13,816</b>	18,217
<b>Operating profit</b>	16	<b>219,093</b>	265,167
Finance income	17	<b>3,717</b>	5,041
Share of profit of associates		<b>1,262</b>	1,802
Share of loss of a jointly controlled entity		<b>(29)</b>	(37)
<b>Profit before income tax</b>		<b>224,043</b>	271,973
Income tax expense	18	<b>(33,159)</b>	(48,102)
Profit for the period		<b>190,884</b>	223,871
Allocated as:			
Profits/(loss) attributable to non-controlling interest		<b>4</b>	(13)
<b>Profit attributable to equity holders of the Company</b>		<b>190,880</b>	223,884
Earnings per share for profit attributable to the equity holders of the Company			
– Basic	19	<b>33.82 HK cents</b>	39.94 HK cents
– Diluted	19	<b>33.51 HK cents</b>	39.52 HK cents
Dividend			
– Interim	20	<b>96,231</b>	95,642

The notes on pages 26 to 48 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, 2011

	<b>Six months ended 30th September,</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>190,884</b>	223,871
Other comprehensive income/(loss):		
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	<b>2,273</b>	7,008
Tax effect on actuarial gains of retirement benefit obligation recognised in reserve	<b>3,933</b>	–
Fair value losses on available-for-sale financial assets	<b>(19,593)</b>	(3,191)
Reserve released upon disposal of available-for-sale financial assets	<b>(3,249)</b>	(2,427)
<b>Total comprehensive income for the period</b>	<b>174,248</b>	225,261
<b>Attributable to:</b>		
– Equity holders of the Company	<b>174,244</b>	225,274
– Non-controlling interests	<b>4</b>	(13)
	<b>174,248</b>	225,261

The notes on pages 26 to 48 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, 2011*

	<u>Attributable to equity holders of the Company</u>				Non- controlling 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, 2011</b>	56,313	836,259	2,173,258	3,065,830	1,589	3,067,419
Profit/(loss) for the period	-	-	190,880	190,880	4	190,884
Other comprehensive income/(loss):						
Exchange differences arising on translation of foreign subsidiaries, associates and a jointly controlled entity	-	2,273	-	2,273	-	2,273
Tax effect on actuarial gains of retirement benefit obligation recognised in reserve	-	-	3,933	3,933	-	3,933
Fair value losses on available- for-sale financial assets	-	(19,593)	-	(19,593)	-	(19,593)
Reserve released upon disposal of available-for-sale financial assets	-	(3,249)	-	(3,249)	-	(3,249)
<b>Total comprehensive (loss)/income for the six months ended 30th September, 2011</b>	-	(20,569)	194,813	174,244	4	174,248
Employees share option scheme – value of employee services	-	5,083	-	5,083	-	5,083
Proceeds from shares issued	247	31,169	-	31,416	-	31,416
	247	36,252	-	36,499	-	36,499
<b>Balance at 30th September, 2011</b>	56,560	851,942	2,368,071	3,276,573	1,593	3,278,166



24 Condensed Consolidated Statement of Changes in Equity (Unaudited) (Continued)  
For the six months ended 30th September, 2011

	Attributable to equity holders of the Company				Non-controlling 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, associates and a jointly controlled entity	-	7,008	-	7,008	-	7,008
Fair value losses on available-for-sale financial assets	-	(3,191)	-	(3,191)	-	(3,191)
Reserve released upon disposal of available-for-sale financial assets	-	(2,427)	-	(2,427)	-	(2,427)
<b>Total comprehensive income/(loss) for the six months ended 30th September, 2010</b>	-	1,390	223,884	225,274	(13)	225,261
Employees share option scheme – value of employee services	-	4,773	-	4,773	-	4,773
Proceeds from shares issued	337	41,361	-	41,698	-	41,698
Dividends	-	-	(252,976)	(252,976)	-	(252,976)
	337	46,134	(252,976)	(206,505)	-	(206,505)
<b>Balance at 30th September, 2010</b>	<u>56,224</u>	<u>823,291</u>	<u>1,992,659</u>	<u>2,872,174</u>	<u>1,582</u>	<u>2,873,756</u>

The notes on pages 26 to 48 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Cash Flows (Unaudited) 25

*For the six months ended 30th September, 2011*

	<b>Six months ended 30th September,</b>	
	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	<b>366,972</b>	372,815
Net cash used in investing activities	<b>(184,547)</b>	(214,157)
Net cash generated from/(used in) financing activities	<b>31,415</b>	(211,278)
Net increase/(decrease) in cash and cash equivalents	<b>213,840</b>	(52,620)
Cash and cash equivalents at beginning of the period	<b>993,333</b>	968,559
Effect of foreign exchange rate changes	<b>5,598</b>	8,295
Cash and cash equivalents at end of the period	<b>1,212,771</b>	924,234

The notes on pages 26 to 48 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 principal activity of the Company is investment holding. The Company’s subsidiaries are 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, 2011.

## **2 BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30th September, 2011 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, 2011, 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, 2011, 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, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st April, 2011 and have not been early adopted by the Group:

Effective for  
accounting periods  
beginning on or after

#### New or revised standards, interpretations and amendments

HKFRS 10	Consolidated Financial Statements	1st January, 2013
HKFRS 11	Joint Arrangements	1st January, 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January, 2013
HKFRS 13	Fair Value Measurement	1st January, 2013
HKAS 19 (2011)	Employee Benefits	1st January, 2013
HKAS 27 (2011)	Separate Financial Statements	1st January, 2013
HKAS 28 (2011)	Investments in Associates and Joint Venture	1st January, 2013
HKAS 1 (Revised)	Presentation of Financial Statements	1st January, 2013
HKAS 19	Employee Benefits	1st January, 2013
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st January, 2013
HKAS 31 (Revised)	Interests in Joint Ventures	1st January, 2013
HKAS 28	Investments in Associates	1st January, 2013
HK(SIC)-Int 12	Consolidation – Special Purpose Entities	1st January, 2013
HK(SIC)-Int 13	Jointly Controlled Entities	1st January, 2013

#### 4 SEGMENT INFORMATION

The Executive Chairman of the Group reviews 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 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.

In view of the continuing expansion of businesses, the Executive Chairman assesses performance and allocates resources according to the "segment results". As a result, the segment information of the Group for the current period and the comparative figures have been presented to reflect such change 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 2011</b>				
Total segment revenue	2,319,242	529,425	105,020	2,953,687
Inter-segment revenue (Note i)	(1,597)	(50,861)	-	(52,458)
	<u>2,317,645</u>	<u>478,564</u>	<u>105,020</u>	<u>2,901,229</u>
<b>Revenue (from external revenue) (Note ii)</b>	<b>2,317,645</b>	<b>478,564</b>	<b>105,020</b>	<b>2,901,229</b>
<b>Segment results (Note iii)</b>	<b>279,728</b>	<b>52,821</b>	<b>8,803</b>	<b>341,352</b>
Depreciation and amortisation	85,067	28,952	8,240	122,259
Finance income	2,644	971	102	3,717
Share of profit/(loss) of associates	952	(32)	342	1,262
Share of loss of a jointly controlled entity	-	(29)	-	(29)
Income tax expense/(credit)	25,495	8,690	(1,026)	33,159

**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 2010</b>				
Total segment revenue	2,151,568	426,121	104,880	2,682,569
Inter-segment revenue (Note i)	(2,573)	(47,086)	–	(49,659)
<b>Revenue (from external revenue) (Note ii)</b>	<u>2,148,995</u>	<u>379,035</u>	<u>104,880</u>	<u>2,632,910</u>
<b>Segment results (Note iii)</b>	<u>310,168</u>	<u>64,648</u>	<u>5,101</u>	<u>379,917</u>
Depreciation and amortisation	73,174	34,183	7,393	114,750
Finance income	4,304	677	60	5,041
Share of profit of associates	1,054	748	–	1,802
Share of loss of a jointly controlled entity	–	(37)	–	(37)
Income tax expense/(credit)	<u>40,274</u>	<u>9,777</u>	<u>(1,949)</u>	<u>48,102</u>

- (i) Inter-segment transactions were entered into in the normal course of business.
- (ii) The Group has a large number of customers. For the period ended 30th September, 2011, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

**4 SEGMENT INFORMATION** (Continued)

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

	<b>Six months ended 30th September,</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Segment results	<b>341,352</b>	379,917
Depreciation and amortisation	<b>(122,259)</b>	(114,750)
	<hr/>	<hr/>
Operating profit	<b>219,093</b>	265,167
Finance income	<b>3,717</b>	5,041
Share of profit of associates	<b>1,262</b>	1,802
Share of loss of a jointly controlled entity	<b>(29)</b>	(37)
	<hr/>	<hr/>
Profit before income tax	<b>224,043</b>	271,973
	<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>As at 30th September, 2011</b>				
<b>Segment assets</b>	<b>2,632,984</b>	<b>841,940</b>	<b>269,809</b>	<b>3,744,733</b>
Segment assets include:				
Investments in associates	2,798	17,050	1,543	21,391
Investment in a jointly controlled entity	-	4,322	-	4,322
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	<b>330,206</b>	<b>69,678</b>	<b>3,733</b>	<b>403,617</b>
<b>As at 31st March, 2011</b>				
<b>Segment assets</b>	<b>2,252,421</b>	<b>785,993</b>	<b>286,102</b>	<b>3,324,516</b>
Segment assets include:				
Investments in associates	1,966	16,730	2,575	21,271
Investment in a jointly controlled entity	-	4,240	-	4,240
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	<b>268,160</b>	<b>117,654</b>	<b>17,783</b>	<b>403,597</b>

As at 30th September, 2011, the total non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets) located in Hong Kong is HK\$1,481,028,000 (As at 31st March, 2011: HK\$1,341,176,000), in Mainland China is HK\$475,850,000 (As at 31st March, 2011: HK\$438,022,000) and in North America is HK\$205,974,000 (As at 31st March, 2011: HK\$225,132,000).



**4 SEGMENT INFORMATION** (Continued)

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

	30th September, 2011 <i>HK\$'000</i> (Unaudited)	31st March, 2011 <i>HK\$'000</i> (Audited)
Total segment assets	<b>3,744,733</b>	3,324,516
Deferred income tax assets	<b>17,766</b>	14,160
Available-for-sale financial assets	<b>263,292</b>	324,052
Financial assets at fair value through profit or loss	<b>66,712</b>	104,294
Retirement benefit assets	<b>17,276</b>	14,361
	<hr/>	<hr/>
Total assets	<b>4,109,779</b>	3,781,383
	<hr/> <hr/>	<hr/> <hr/>

## 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, 2011</b>							
Opening net book amount	104,521	86,155	190,676	316,200	1,175,764	67,810	1,750,450
Additions	-	-	-	-	284,619	31,349	315,968
Depreciation/amortisation expense	-	(5,787)	(5,787)	-	(115,109)	(1,363)	(122,259)
Disposals	(203)	-	(203)	(35,000)	(3,978)	-	(39,181)
Exchange differences	(7,152)	(5,519)	(12,671)	-	7,389	544	(4,738)
Closing net book amount	<u>97,166</u>	<u>74,849</u>	<u>172,015</u>	<u>281,200</u>	<u>1,348,685</u>	<u>98,340</u>	<u>1,900,240</u>
<b>At 30th September, 2011</b>							
Cost/valuation	114,207	193,031	307,238	281,200	2,960,060	123,798	3,672,296
Accumulated depreciation/ amortisation	(17,041)	(118,182)	(135,223)	-	(1,611,375)	(25,458)	(1,772,056)
Net book amount	<u>97,166</u>	<u>74,849</u>	<u>172,015</u>	<u>281,200</u>	<u>1,348,685</u>	<u>98,340</u>	<u>1,900,240</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, 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
	<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)
	<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>

**6 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	30th September, 2011 HK\$'000 (Unaudited)	31st March, 2011 HK\$'000 (Audited)
- Listed investments	<b>263,292</b>	321,256
- Others	-	2,796
	<b>263,292</b>	324,052

**7 INVESTMENTS IN ASSOCIATES**

	30th September, 2011 HK\$'000 (Unaudited)	31st March, 2011 HK\$'000 (Audited)
Share of net assets	<b>18,529</b>	18,409
Goodwill	<b>2,802</b>	2,802
Due from associates	<b>60</b>	60
	<b>21,391</b>	21,271

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, 2011 HK\$'000 (Unaudited)	31st March, 2011 HK\$'000 (Audited)
Share of net assets	<b>4,322</b>	4,240

## 9 TRADE AND OTHER RECEIVABLES

	30th September, 2011 HK\$'000 (Unaudited)	31st March, 2011 HK\$'000 (Audited)
Trade receivables	<b>38,761</b>	23,002
Less: provision for impairment of receivables	<b>(714)</b>	(718)
Trade receivables – net	<b>38,047</b>	22,284
Other receivables	<b>53,181</b>	32,049
	<b>91,228</b>	54,333

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, 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, 2011 <i>HK\$'000</i> (Unaudited)	31st March, 2011 <i>HK\$'000</i> (Audited)
0 – 30 days	<b>32,527</b>	19,123
31 – 60 days	<b>4,735</b>	1,838
61 – 90 days	<b>32</b>	517
Over 90 days	<b>1,467</b>	1,524
	<hr/> <b>38,761</b> <hr/>	<hr/> 23,002 <hr/>

**10 TRADE PAYABLES**

The ageing analysis of trade payables is as follows:

	30th September, 2011 <i>HK\$'000</i> (Unaudited)	31st March, 2011 <i>HK\$'000</i> (Audited)
0 – 30 days	<b>194,591</b>	162,929
31 – 60 days	<b>3,194</b>	4,473
61 – 90 days	<b>894</b>	2,629
Over 90 days	<b>2,025</b>	2,382
	<hr/> <b>200,704</b> <hr/>	<hr/> 172,413 <hr/>

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

	30th September, 2011 HK\$'000 (Unaudited)	31st March, 2011 HK\$'000 (Audited)
Non-current financial assets at fair value through profit or loss:		
Derivative financial instruments <i>(Note a)</i>	<b>29,698</b>	38,392
Current financial assets at fair value through profit or loss:		
Investment portfolio <i>(Note b)</i>	<b>37,014</b>	42,055
Derivative financial instruments:		
– Others	–	4,732
Unlisted funds	–	19,115
	<b>37,014</b>	65,902
Total	<b>66,712</b>	104,294

- (a) As at 30th September, 2011, the derivative financial instruments include three (31st March, 2011: four) guaranteed deposit notes with maturity dates ranging from three to five years. These notes are unsecured and bear interests at fixed or variable interest rates during the terms of the notes. One (31st March, 2011: two) of the guaranteed deposit notes bear interest at approximately 4% with the Note Issuers having the right to switch the interest coupon to floating rate of 3-month LIBOR plus 1% or 2% per annum. The remaining two (31st March, 2011: two) notes bear interest at 3-month LIBOR plus 0.75% to 3.05% per annum with an interest cap ranging from 7% to 8.5% and interest floor ranging from 2.5% to 3.5%.
- (b) As at 30th September, 2011, investment portfolio mainly comprises debt securities of HK\$17 million (31st March, 2011: HK\$25 million) and equity securities of HK\$20 million (31st March, 2011: HK\$16 million).

**12 SHARE CAPITAL**

	(Unaudited) 30th September, 2011		(Audited) 31st March, 2011	
	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>563,127</b>	<b>56,313</b>	558,869	55,887
Shares issued under share option scheme (Note 13)	<b>2,471</b>	<b>247</b>	4,258	426
End of the period/year	<b>565,598</b>	<b>56,560</b>	563,127	56,313

**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.

The weighted average fair value of options granted during the year determined using the Binomial option pricing model valuation model was HK\$4.51 per option. The significant inputs into the model were weighted average share price of HK\$22.15 at the grant date, exercise price shown above, volatility of 27%, dividend yield of 3.5%, an expected option life of eight years, and an annual risk-free interest rate of 1.9%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

**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, 2011 '000 (Unaudited)	31st March, 2011 '000 (Audited)
Beginning of the period/year	<b>25,165</b>	25,835
Granted	–	4,040
Exercised	<b>(2,471)</b>	(4,258)
Cancelled upon termination of employment	<b>(546)</b>	(452)
End of the period/year	<b>22,148</b>	25,165
Options vested	<b>12,030</b>	14,081

### 13 SHARE OPTIONS (Continued)

#### Details of share options

Grant Date	Exercise period	Exercise price HK\$	(Unaudited) 30th September, 2011		(Audited) 31st March, 2011	
			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	110	110	110	110
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	2,400	2,400	2,400	2,400
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	2,259	1,939	3,118	2,718
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,450	2,415	3,450	2,415
2nd October, 2007	30th March, 2008 to 1st October, 2017	14.748	10,289	4,926	12,047	6,438
28th October, 2010	31st March, 2011 to 30th March, 2020	22.370	2,400	240	2,400	-
28th October, 2010	31st March, 2012 to 27th October, 2020	22.370	1,240	-	1,640	-
			<b>22,148</b>	<b>12,030</b>	25,165	14,081

### 14 REVENUE

	Six months ended 30th September,	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Sales of food and beverages	2,820,730	2,556,198
Rental income	20,149	18,876
Royalty income	21,282	20,430
Management and service fee income	6,495	5,517
Sundry income	32,573	31,889
	<b>2,901,229</b>	2,632,910

**15 OTHER GAINS, NET**

	<b>Six months ended 30th September,</b>	
	<b>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
(Loss)/gain on disposals of financial assets at fair value through profit or loss	<b>(558)</b>	1
Gain on disposals of available-for-sale financial assets	<b>3,249</b>	6,498
Dividend income from listed investments	<b>13,585</b>	14,069
Fair value losses on financial assets at fair value through profit or loss	<b>(6,001)</b>	(18)
Gain on disposal of investment properties	<b>6,142</b>	-
Others	<b>(2,601)</b>	(2,333)
	<b>13,816</b>	18,217

**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>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Cost of raw materials and consumables used	<b>962,137</b>	845,127
Staff costs	<b>752,748</b>	643,492
Operating lease rentals in respect of rented premises	<b>326,102</b>	293,836
Depreciation of property, plant and equipment	<b>115,109</b>	107,855
Amortisation of leasehold land and land use rights	<b>1,363</b>	1,099
Amortisation of trademarks and franchise rights	<b>5,787</b>	5,796
Loss on disposal of property, plant and equipment	<b>3,793</b>	2,917
Provision for impairment of trade and other receivables	<b>-</b>	80

## 17 FINANCE INCOME

	<b>Six months ended 30th September,</b>	
	<b>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Interest income	<b>3,717</b>	5,041

## 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% (2010: 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.

The amount of taxation charged/(credited) to the condensed consolidated income statement represents:

	<b>Six months ended 30th September,</b>	
	<b>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Current income tax:		
– Hong Kong profits tax	<b>27,782</b>	39,297
– Overseas taxation	<b>9,296</b>	9,428
Deferred income tax relating to the origination and reversal of temporary differences	<b>(3,919)</b>	(623)
	<b>33,159</b>	48,102

**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>2011 (Unaudited)</b>	2010 (Unaudited)
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>190,880</b>	223,884
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>564,432</b>	560,581
Basic earnings per share ( <i>HK cents per share</i> )	<b>33.82 HK cents</b>	39.94 HK cents

**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>2011 (Unaudited)</b>	2010 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<b>190,880</b>	223,884
Weighted average number of ordinary shares in issue ('000)	<b>564,432</b>	560,581
Adjustment to share options ('000)	<b>5,145</b>	5,938
	<b>569,577</b>	566,519
Diluted earnings per share (HK cents per share)	<b>33.51 HK cents</b>	39.52 HK cents

**20 DIVIDEND**

	<b>Six months ended 30th September,</b>	
	<b>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Dividend proposed		
– Interim dividend, 17 HK cents (2010: 17 HK cents) per ordinary share	<b>96,231</b>	95,642

The interim dividend was declared on 29th November, 2011. This condensed consolidated interim financial information does not reflect this dividend payable.

**21 CAPITAL COMMITMENTS**

	<b>30th September, 2011 HK\$'000 (Unaudited)</b>	<b>31st March, 2011 HK\$'000 (Audited)</b>
Acquisition of property, plant and equipment		
Authorised and contracted for	<b>220,426</b>	350,546
Authorised but not contracted for	<b>156,597</b>	267,824
	<b>377,023</b>	618,370



## 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>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Operating lease rentals paid to a related party:		
– Tinway Investments Limited (Note i)	<b>960</b>	960
Franchise and development fees paid to a related party:		
– illycaffe SpA (Note ii)	<b>229</b>	213

- (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 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.

### (b) Key management compensation

	<b>Six months ended 30th September,</b>	
	<b>2011 HK\$'000 (Unaudited)</b>	<b>2010 HK\$'000 (Unaudited)</b>
Salaries and allowances	<b>6,482</b>	4,490
Others	<b>6,820</b>	9,534
	<b>13,302</b>	14,024



CAFÉ DE CORAL HOLDINGS LIMITED  
(Incorporated in Bermuda with limited liability)

大家樂集團有限公司  
(於百慕達註冊成立之有限公司)