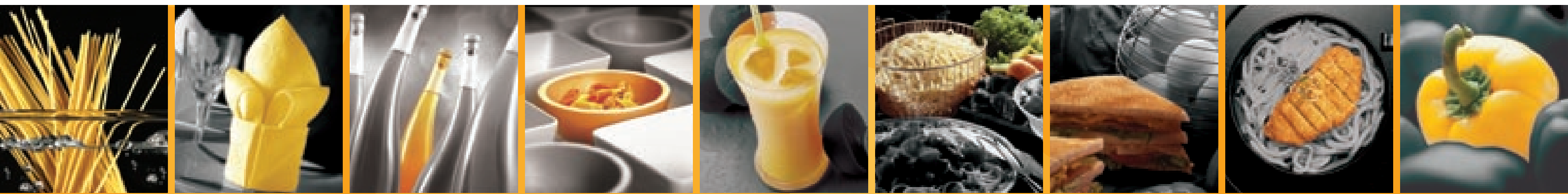
大家樂集團有限公司
CAFÉ DE CORAL HOLDINGS LIMITED

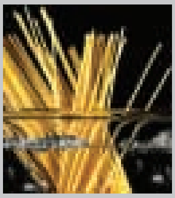
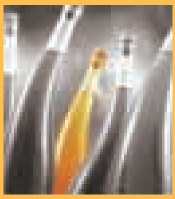
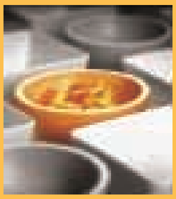
(Incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

Stock Code 股份代號: 341



Annual Report

2007

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Directors and Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yue Kwong, Michael *(Chairman)*
Mr. Lo Hoi Kwong, Sunny
(Managing Director)
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Lo Tang Seong, Victor
Mr. Lo Hoi Chun
Mr. Hui Tung Wah, Samuel
Mr. Choi Ngai Min, Michael*
Mr. Li Kwok Sing, Aubrey*
Mr. Kwok Lam Kwong, Larry*

* *Independent Non-executive Directors*

COMPANY SECRETARIES

Ms. Li Oi Chun, Helen
Mr. To Hon Fai, Alfred

QUALIFIED ACCOUNTANT

Ms. Chung Sau Man, Grace

REGISTERED OFFICE

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

HEAD OFFICE

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

AUDITORS

Messrs. PricewaterhouseCoopers

SOLICITORS

Messrs. Johnson Stokes & Master

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Bank of Tokyo-Mitsubishi UFJ
BNP Paribas
Calyon Corporate and Investment Bank
China Construction Bank Corporation
Citibank, N.A.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Mizuho Corporate Bank, Ltd.
Standard Chartered Bank (Hong Kong) Ltd.
Sumitomo Mitsui Banking Corporation
Wing Lung Bank Ltd.

BERMUDA SHARE REGISTRARS

The Bank of Bermuda Limited

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor
Services Limited

WEBSITE

http://www.cafedecoral.com

FINANCIAL HIGHLIGHTS

Year ended 31st March,	**2007** ***HK$'000***	2006 *HK$'000* (As restated)	Change *%*
Revenue	**3,885,151**	3,440,493	12.92
Profit attributable to equity holders of the Company	**370,067**	319,853	15.70
Total assets	**2,485,027**	2,313,307	7.42
Net assets	**1,996,467**	1,883,393	6.00
Basic earnings per share	**67.95 HK cents**	59.24 HK cents	14.70
Interim and final dividends per share	**42 HK cents**	35 HK cents	20.00
Special dividend per share	**Nil**	20 HK cents	N/A
Net assets per share	**$3.67**	$3.49	5.16

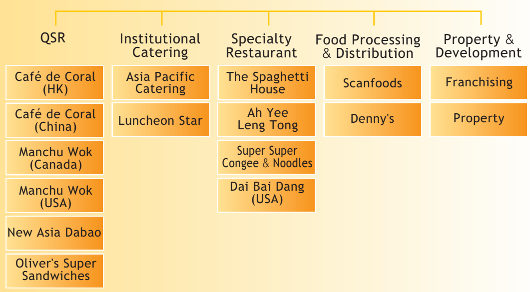
FINANCIAL CALENDAR

Half year results	Announcement on 5th December, 2006
Full year results	Announcement on 10th July, 2007
Annual Report	Despatched to shareholders in late July, 2007
Closure of register of members for the proposed final dividend	11th September, 2007 to 18th September, 2007
Annual General Meeting	18th September, 2007
Dividends	Interim: 12 HK cents per share paid on 11th January, 2007 Final: 30 HK cents per share payable on 5th October, 2007

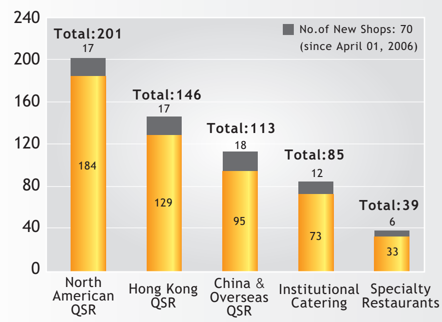
HIGHLIGHTS

- **Continuous turnover growth for the 20th consecutive year with an increase of 1,400% since listing.**
- **A double-digit growth in profits for the 3rd consecutive year to historical high of HK$370 million.**
- **Record-high development expansion in Hong Kong, together with a remarkable performance growth in Southern China and substantial business improvement in North America.**
- **Enhanced commitment on food processing infrastructure and the establishment of an “Executive Development Board” for sustainable corporate growth.**
- **For the 12th consecutive year, shareholders’ value was enhanced with another dividend per share increase.**

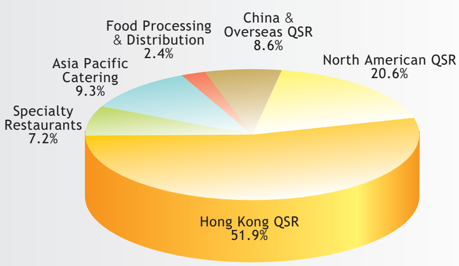
Café de Coral Group Strategic Businesses



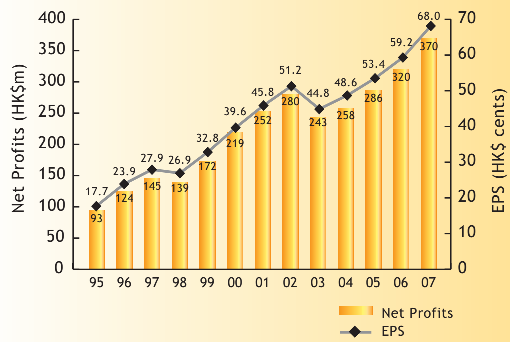
Total No. of Operating Units: 584
(As of 10/7/2007)



Systemwide Sales Distribution



Financial Growth Trends
Group Net Profits & EPS Growth



Chairman's Statement

BUSINESS PERFORMANCE

For the year ended 31st March, 2007, the Group recorded another encouraging growth in terms of both turnover and profit attributable to shareholders. Profit attributable to shareholders has for the 3rd consecutive year attained a double-digit growth to HK$370 million. As compared with that of last year, turnover was substantially increased to HK$3.89 billion after consolidating, for the first time, the full year results of our wholly-owned subsidiary of **Manchu Wok**.

To share the joy of our sustainable growth with our shareholders, I would recommend to the Board to propose a final dividend of 30 HK cents per share. Together with the interim dividend paid earlier, a total dividend of 42 HK cents per share would have been repatriated to our shareholders for the whole year, with substantial increase of 20%, representing an ever-increasing dividend payout ratio of 62%.

BUSINESS REVIEW

Over the years, the Group's business horizon has kept on expanding both in business portfolio, customer base and geographical coverage, tapping into strategic growth markets here in Hong Kong as well as in the People's Republic of China and North America.

In our familiar home territory here in Hong Kong, our core businesses in the quick service and the specialty restaurant sectors continued to prosper. Our long established brands such as **Café de Coral** and **The Spaghetti House**, through aggressive marketing campaigns and development program, have gained much solid ground both in market share and brand preference. It was gratifying to witness the fruit bearing effort of our innovative product launches and marketing initiatives, which together contribute to the encouraging performance of our various restaurant brands in Hong Kong both in terms of volume and value.

Indeed, the encouraging performance in the local restaurant sectors in year 2006 were aided by the buoyant sentiment in the capital and consumer markets. Capitalizing on such improved business environment, and riding on our own branding power and long-established business reputation, we further accelerated the pace of our branch development in Hong Kong by opening a record high of 23 new outlets in the year, maintaining a firm grip of our market leadership in an ever-increasingly competitive landscape.

On the institutional front, our **Luncheon Star** has also firmly secured its market leading position in the school catering sector. Being accredited with "HACCP", "ISO 9001" and the strictest "ISO 22000" food safety system, which is the first of its kind in the Hong Kong school catering industry, **Luncheon Star** not only has become an established preference among parents and teachers in the selection of school meal caterers, but has also clearly demonstrated our commitment to the food safety and corporate responsibility to the local community.

In the PRC, we continued with our proactive expansion initiatives in this market. As of

today, the total number of our operating units in China is well over 133. Encouraged by the performance of our **Café de Coral** in the Southern China region both in the first and second tier cities, we adhere to our aggressive branch development program by bringing the total number of stores in the region to 31, where it has now become not only a sizable business growth platform but has developed as another meaningful profit contributor to the Group.

In Eastern China, we are encouraged to witness a significant business improvement in our 50% owned restaurant chain **New Asia Dabao**. At the same time, we have also commenced a development program for **Café de Coral** in the region, which at this stage have inevitably incurred certain one-off pre-opening expenses and development costs. Despite the initial growing pain, we remained positive and committed to this business platform as it is an indispensable development strategy for unlocking the vast business potential in the Yangtze River Delta Region.

Across the ocean, we are pleased to report substantial improvement in our North American business **Manchu Wok**. The substantial reduction in loss is a positive signal for us that we are heading toward the right direction in turning around the business. We have decided to take this opportunity to further write-off certain assets as we believe that it would be of long term benefits to all our stakeholders to adopt the most stringent and prudent accounting principle. The loss sustained by this business has drastically reduced for the year as compared with the year before. In fact, on the operating level, we have already witnessed an encouraging business turnaround with a slight profitability. As we are moving in the right direction, we envisage that our North American business will be a market of great potential for the Group in the years ahead.

BUSINESS STRATEGIES

Throughout the years, we have never let go of our relentless effort to explore the opportunities presented to us and create value to our customers in various segments of the catering industry, at home and abroad. Our strategies are aimed to enlarge our market share in the catering industry as a whole and to establish a balanced business portfolio against waves of fierce competition.

We remain committed to sustainable growth in our group of business and adhere to our core competence in the restaurant business to tap into the growing catering industry in Hong Kong and abroad. The Group's recent acquisition of a strategic stake in the "Tao Heung", a leading Chinese restaurant group here in Hong Kong and Southern China, exemplifies our continuing effort in this regard.

As encouraged by the business performance both in Hong Kong and in Southern China, we decide to devote more resources on our back up infrastructures for our rapid development in the region. In addition to the aggressive branch development program which has already been in place, we are fully aware of the need to expand on our 17 years old central food processing plant, in order to satisfy the ever-growing market demand for our business in the region. To this end, we are rigorously looking for suitable site to

establish a new central food processing plants both in Hong Kong and in the Pearl River Delta Region. We believe that these much-needed infrastructures would enhance our competitive edge in the short run and our market dominance in the longer term.

In June, 2007, the Group has acquired approximately 6,500 sq. feet property in Admiralty Centre, Hong Kong at a total consideration of HK$60 million. The Group aims to continue its policy of securing sites at strategic location on a self-owned basis. The acquisition not only opens up another stream of rental revenue to the Group but also alleviates us from the soaring rental escalation which we would anticipate at this strategic location.

BUSINESS GOVERNANCE

Maintaining high standard of corporate governance is one of the key elements to success for any business enterprise. The Group will continue to promote a committed culture of corporate governance so as to reflect the fundamental values underlying the principles of accountability, transparency and independency. I would like to draw your attention to the section "Corporate Governance and Corporate Responsibility Report" of the Company's 2007 Annual Report for details about the Group's attainment on corporate governance during the year.

As always, people are key to deliver excellence in business. We have set up an independent "Executive Development Board" for purpose of succession planning and for selecting and equipping our people with the skill-sets and business perspective for a sustainable development growth in our various global business platforms.

To conclude, I would like to express my heartfelt gratitude to every member of our staff and management. Without their commitment and perseverance during the past year, it is not possible for the Group to achieve another milestone in our business performance.

Chan Yue Kwong, Michael
Chairman

Hong Kong, 10th July, 2007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旺角雅蘭中心一期一樓F01
我鍾意
THE SPAGHETTI HOUSE
Since 1979

Managing Director's Operational Review

INTRODUCTION

The Group registered another encouraging performance for the year under review. Both turnover and profit attributable to shareholders reached a record high of HK$3.89 billion and HK$370 million respectively, achieving an increase of 12.9% and 15.7% over those of last year.

Notwithstanding another successful year, we remain attentive to our business development in different geographical regions. Various strategic imperatives have been employed to deal with local challenges in order to enhance our performance in respective areas.

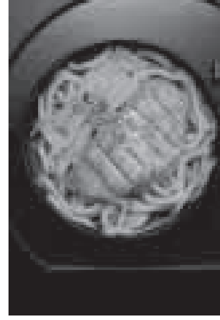
FAST FOOD BUSINESS

During the year, we witnessed an improved spending sentiment in the local arena brought on by the fall in unemployment rate and the buoyant stock market. Taking advantage of this positive business environment, **Café de Coral** accelerated its pace of development with thirteen new shops opened during the year, breaking the Company's own record for its branch development program by bringing the total number of **Café de Coral** fast food restaurants in Hong Kong to 133 as at 31st March, 2007. Among these new openings, we successfully identified some locations with growth opportunities such as Western District, Hong Kong, where we never had any presence before. Riding on the brand power of **Café de Coral**, we saw an encouraging and immediate return on investment for the two new stores opened there.

As part of our on-going facelift program to refresh our store image, we invested over HK$32.7 million in the year to renovate 15 **Café de Coral** shops. Our latest 4th Generation post-modern design concept, which offers a stylish restaurant image and a comfortable dining environment, has been well accepted by our customers as the preferred choice for causal dining.

In addition to our efforts in upgrading the dining environment, offering quality products and services have always been our key emphases. Innovative products introduced during the year, such as Steamed Rice with Oat and Banana Split Sizzling Plate, received good market response. To complement the on-going customer-centered trainings provided to our frontline staff, a series of training courses were also held with the aim of equipping our middle management with updated skills for day-to-day operations of our stores. Internal logistics in our branches were also re-visited to satisfy the ever-rising demand of our customers. Take-away service counter was set up to respond to customers' needs more efficiently. The above initiatives exemplify our commitment to provide "100% Complete" services to our valued customers.

Promotion and marketing initiatives are key strategic tools we deployed in our business. The launch of a series of new TV commercials with popular celebrities not only presents the energetic, happy, positive and youthful image of our brand, but also keeps our brand as another 'hot and hip' item among teenage customers. In the meantime, "Club 100" VIP



Program continued its success as an important marketing channel for us since its debut last year. The Program rewards members who make frequent visits to our branches, thereby accumulating bonus points that can be redeemed into fabulous gifts. Due to the overwhelming response received from our loyal customers after the Program's first implementation, a second round of registration was held in the year to allow more devoted customers to join the "Club 100" VIP Program.

To cope with business growth, we relocated some of the production facilities in Fo Tan to our 50,000 sq. feet production plant in Tai Po during the year. This new production plant not only enhances our production capacity to satisfy increasing demand of our business expansion here but it also strengthens our quality control on food. In addition to our production facilities in Hong Kong, our factory plant in Dongguan, PRC continues to supplement our Hong Kong operations with high quality processed materials. Meanwhile, we are also actively pursuing any opportunity that will allow us to expand our food manufacturing facilities in the PRC in order to respond to fast business growth in this region.

Super Super Congee & Noodles, as another Concept amongst our fast food businesses in Hong Kong, delivered satisfactory performance for the year. As of 31st March, 2007, there were 5 outlets in Hong Kong. Consistent with our expansion strategy to develop this Concept into another successful, reputable chain, we opened another new store at Metro City, Tseung Kwan O subsequent to the year's end.

Oliver's Super Sandwiches, a chain of well-known sandwich restaurants, recorded a stable performance for the year. Another 3 new shops were opened during the year, bringing the total number of stores to 15 as at 31st March, 2007.

To meet the ever-changing demand of our customers, we have introduced a variety of products that are deemed to be high "value-for-money" products to our customers. As part of our overall strategy to create an attractive and leisurely ambience in our stores, we brought in "illy", the World famous Italian coffee to be served in our entire sandwich chain. Together with 'illy' coffee, **Oliver's Super Sandwiches** is well positioned to be the preferred gathering place for our valued customers with discerning tastes.

INSTITUTIONAL CATERING

Institutional catering is another market of interest to the Group. **Asia Pacific Catering** performed beyond management expectations in this market by achieving increments in both turnover and number of clientele. The year under review was one of particular challenge in that the number of expiring catering contracts in Hong Kong that needed to be renewed accounted for more than 80% of the turnover of this business unit. Riding on our expertise in the institutional catering market and the value-added services recognized by our clients, we are happy to report that we successfully renewed most of our major contracts. We also added The Hong Kong Institute of Vocational Education (Tsing Yi) and Hong Kong Air Cargo Terminals Limited into our clientele list, thus taking our number of operating units in Hong Kong to 61 as at 31st March, 2007.

While business in Hong Kong currently accounts for the lion's share of this business unit, we are committed to continuous expansion in the PRC market where, we believe, will be a crucial growth driver for **Asia Pacific Catering** in the coming years. During the year, the number of operating units in this region increased from 20 to 25, demonstrating the dedicated efforts made by management in exploring the potential of this vast market.

Food safety is another looming issue that is capturing the awareness of the general public in Hong Kong. **Luncheon Star**, our flagship in the school catering market, won the hearts of parents and teachers in their selection of meal caterers by being accredited with "HACCP" and "ISO9001" on food safety and monitoring systems. Since its inception in September, 1999, **Luncheon Star** has been leading the school catering market sector with meaningful profit contribution to the Group.

In responding to business growth, the relocation of some of our existing central food processing facilities freed up much needed space by **Luncheon Star** for expansion. The recent accreditation with "ISO 22000" once again demonstrates **Luncheon Star**'s commitment to the strictest safety standards requisite in our food preparation business. Other than its local business, **Luncheon Star** is also actively pursuing any opportunities to expand its business outside Hong Kong.

SPECIALTY RESTAURANT

With the emergence of numerous new brands given improved spending sentiment in the local market, we witnessed acute competition in the mid-priced specialty restaurant sector. Notwithstanding this competitive environment, **The Spaghetti House** continued to deliver satisfactory performance. Two restaurants were opened in the year, one at Citygate, Tung Chung, the largest outlet mall in Hong Kong which houses international brands, and the other at Tee Mall, Guangzhou, PRC, which is a prestigious shopping mall close to Guangzhou East Station. With the opening of these two new stores, the total number of **The Spaghetti House** reached 26 as at 31st March, 2007.

As part of our program to upgrade our image, renovation was made to 4 of our existing stores. Our trendy and stylish image was freshened up to provide a more comfortable dining experience to our customers. The main menu of **The Spaghetti House** was also redesigned to be more user-friendly and to entice first time visitors to try our long-recognized signature dishes.

Contemporary as well as original products of high-perceived value were introduced during the year and they successfully won the hearts of our customers. We continued to launch joint promotions with various institutions, initiated media coverage and advertised on bus panels. All these initiatives, together with our zealous efforts in expanding our VIP memberships, not only resulted in sales growth, but also demonstrated our commitment in overcoming market challenges to outperform our peers.

Since opening the first company-owned store at "Mix City", Shenzhen, PRC in December, 2004, we have been impressed by the overwhelming response from local customers. As part of our strategic initiatives to expand in the Southern China region, we opened a second store at the Tee Mall during the year. After the year end, we successfully opened another store at "Central Walk", Shenzhen, PRC to meet the growing demand in this market. Leveraging on our successful experience, we plan to open the fourth store in the second half of this year.

Regarding the strategic franchise business units, **The Spaghetti House** has 2 franchise restaurants in operation overseas, both located in Indonesia.

As recognition of our outstanding services, we were awarded the "**2007 Airport Customer Services Excellence Award**" and the "**Mystery Shoppers Programme – Category Leader – Fast Food/Restaurant Category**" by the Airport Authority Hong Kong and the Hong Kong Retail Management Association respectively.

SCANFOODS

Scanfoods, our food processing and distribution business, continued to prosper in the year. After years of development, the high quality of "Viking Boat", as our ham and sausage products are known, established its solid presence in the institutional market. With its extensive and strong distribution channels, **Scanfoods** has laid a very solid foundation in the Hong Kong market.

In the PRC, our products successfully penetrated the retail market, covering major supermarkets and other retail points through our dedicated distribution network in the Pearl River Delta region. In support of our continuous effort to broaden our presence in this market, our fully automated manufacturing facilities in Dongguan, PRC has enhanced its production capacity to make room for further expansion.

During the year, a pilot-test joint-venture business was set up in Xian, PRC with an aim to bolster our ability to source beef as a raw material. Since start-up, its performance has met management's expectations. Looking forward, we envisage the scope of business to include packaged food, thereby extending the range of products available to our customers in the longer term.

CAFÉ DE CORAL IN THE PRC AND MACAU

Since committing to our program of opening new stores in Southern China and opening our store in Xiaolan, Zhongshan in 2002, a most exciting and encouraging performance has ensued in this market. Since then, we have seen a total of 25 stores opened from the then 6 stores, bringing the total number of stores to 31 as of today. Now, we are proud to report that our presence covers the key first-tier and second-tier delta cities, including Shenzhen, Zhuhai, Guangzhou, Dongguan, Jiangmen, Zhongshan and Foshan.

The significant achievements in our business development across different cities in the Southern China region is not a coincidence. Experience accumulated in the past for over a decade provides us with an insight, allowing us to understand the needs of our customers there. Utilizing this tremendous wealth of invaluable experience, we adopted flexible business strategies such as fine-tuning our products, reviewing our pricing strategies, upgrading the dining environments and enhancing our information technology infrastructure to satisfy the specific needs of different groups of customers in different geographical regions.

Managing Director's Operational Review

Our established business reputation, combined with our efforts in forming strategic alliances with major retail business partners enabled us to secure prime locations with vast business potential. All the above strategies contributed significantly to our remarkable business performance in this market.

The population in the Guangdong province has reached 82 million. As evidenced by the strong economic growth in recent years, the Pearl River Delta region has already become one metropolis. We have seen the quality and standard of living of its people improve substantially as compared to that of a decade ago. This opens up ample room for the Group to further expand and develop its business network in this exhilarating area. Although the Central Government imposed and is still imposing certain austerity measures to prevent the economy from being over-heated, it is envisaged that such measures will not have any major adverse impact on the retail market. We will closely monitor the situation and execute our expansion strategy as planned unless we witness any adverse changes in this market.

MANCHU WOK

Following the complete control we took on **Manchu Wok** in October, 2005, we concentrated our efforts in extricating this business from untenable situations that have lingered in the last few years. I am glad to report that we are moving in a positive direction and first-rate track in controlling runaway overheads, identifying opportunities for future expansions, and establishing processes to make **Manchu Wok** ready for the successful pursuit of business potential in the Asian cuisine market in a Western setting.

Our operations in Canada remained relatively healthy while units in the US market generally suffered. However, opportunities with non-traditional venues such as casinos, airports, university campuses and military bases, and street location business have been identified and are progressing well. On the other hand, our efforts to reduce overhead proved highly successful. To raise the bar on store image, we are also introducing a program to upgrade design in order to project a more trendy image to our customers.

All the above initiatives contribute positively to business performance. Though **Manchu Wok** still records a loss for the year under review, we are confident that it is moving ahead in the right direction to a complete business turnaround next year.

As of 31st March, 2007, **Manchu Wok** has a total of 203 restaurants operating in North America, including 1 **Dai Bai Dang** in the United States.

NEW ASIA DABAO

Since acquiring a 50% stake in **New Asia Dabao** and taking up management control over its operation in 2003, we had initiated a wide range of strategic imperatives such as enhancing product quality, upgrading dining environments and services standards, adjusting price levels and product mixes. We also closed down some non-performing stores and opened new stores in locations where there is great potential. With the successful implementation of these initiatives, we witnessed progressive business turnaround. Other than the expansion in Shanghai, we also tested this concept in neighboring cities by opening two pilot stores in Jiaxing and Hangzhou.

As part of our strategy to tap into the mid-priced fast casual dining segment, we have embarked on establishing **Café de Coral**'s presence in the region. Since the opening of the first **Café de Coral** fast food restaurant in Shanghai three years ago, the number of **Café de Coral** restaurants in this region has reached 6 as at 31st March, 2007. Despite certain one-off expenses in building up the brand presence in the region, we are confident that the current two-pronged market penetration strategy would enable us to capture the sizeable potential for business growth in the Eastern China market in the years to come.

As of 31st March, 2007, **New Asia Dabao**, together with **Café de Coral** restaurants, have a total of 72 stores in the Eastern China region.

NEW BUSINESS PROCESSES

Information technology has continued to gain importance on our operations over the years. Six years ago, we were one of the pioneers in installing the computerized point-of-sale system in our chain of stores replacing the stand-alone cashier system. The system not only enables us to handle transactions more efficiently but also assists us in making management decisions more promptly, thereby giving us a competitive edge over our rivals.

Other than the Business Management System we put in place two years ago, we introduced Oracle's Financial System into our accounting and treasury functions in the year so as to enhance our own internal logistics to support our ever-growing business. IT solutions are also tailor-made to serve the specific needs of our business units, such as the implementation of the Lunch Box System for **Luncheon Star** to facilitate payment, and the launch of "Club 100" VIP program for **Café de Coral**.

Strengthening the application of information technology to our business is crucial for our successful operations. Management will, as has been in the past, continue to provide sufficient resources to support its utilization within the Group.

FINANCIAL REVIEW

The Group's financial position as of 31st March, 2007 continues to be very strong, with a net cash of close to about HK$547 million and available banking facilities of HK$836 million.

As of 31st March, 2007, the Group did not have any external borrowings (2006: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (2006: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2006.

As of 31st March, 2007, the Company has given guarantees of approximately HK$836,000,000 (2006: HK$836,000,000) to

financial institutions in connection with the banking facilities granted to its subsidiaries.

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

HUMAN RESOURCES

As of 31st March, 2007, the Group (other than associated companies and jointly-controlled entities) employed approximately 13,000 employees. Remuneration packages are generally structured by references to market terms as well as individual qualifications and experience. With a unique Share Option Scheme, together with profit sharing bonus and performance incentive system, employees are entitled to participate in the growth of the Group.

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

CONCLUSION

We are wholly committed and dedicated to growing businesses in Hong Kong. It is also the Group’s target to propel our businesses in both the PRC and North American regions to become longer-term growth drivers for the Group. Though our business in PRC has been achieving initial success, we will not take it for granted nor will we become complacent. We understand that our success is only a reflection of our past efforts and the proper execution of intelligent and pro-active strategies. All in all, we remain optimistic about our business developments in different geographical settings. It has always been the unique strength of our management to overcome challenges of different types and eventually lead us to yet another milestone in the Group’s history.

Lo Hoi Kwong, Sunny
Managing Director

Hong Kong, 10th July, 2007


Super Sandwiches


olivers
SUPER
SANDWICHES


SUPER
SANDWICHES

Biography of Directors and Senior Management

CHAIRMAN

Mr. Chan Yue Kwong, Michael, aged 55, is the Executive Chairman of the Group. He joined the Group in 1984 and was appointed as a director of the Group in 1988. He has been the Managing Director of the Group since 1989 and is now the Executive Chairman of the Group. Having worked as a professional town planner for various Government bodies in Hong Kong and Canada, he has considerable experience in planning and management. He holds a Degree in Sociology and Political Science, a Master Degree in City Planning from the University of Manitoba, Canada and an Honorary Doctorate Degree in Business Administration. He is currently an Executive Committee Member of the Hong Kong Retail Management Association, Council Member of the Employers' Federation of Hong Kong, Elected Member of the Quality Tourism Services Association, a Full member of the Canadian and the Hong Kong Institute of Planners, a Fellow of the Chartered Institute of Marketing, a Court Member of the Hong Kong University of Science and Technology, the Honorary President of Hong Kong Foodstuffs Association, Honorary Adviser of the Hong Kong Institute of Marketing and the Institute of Business Administrants. In past years, Mr. Chan was personally bestowed with "The Stars of Asia Awards", the "Executive of the Year Award", the "Bauhinia Cup Outstanding Enterpreneur Awards", the "Hong Kong Business Mastermind Award", the "Directors of the Year Award" as well as the Honoree, Beta Gamma Sigma of the Hong Kong University of Science and Technology. He is the son-in-law of Mr. Lo Tang Seong, Victor, another Director of the Company. He is also a relative of Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita, Mr. Lo Hoi Chun and Mr. Lo Tak Shing, Peter, all of whom are Directors of the Company.

MANAGING DIRECTOR

Mr. Lo Hoi Kwong, Sunny, aged 51, is the Managing Director of the Group. He joined the Group in 1982 and has been an Executive Director of the Company since 1990. He is responsible for business development in Hong Kong and overseas, as well as the marketing, operation and food processing functions of the Group. He holds a Master Degree in Chemical Engineering from Stanford University. Mr. Lo is the son of Mr. Lo Tang Seong, Victor and is the brother of Ms. Lo Pik Ling, Anita, both of whom are Directors of the Company. He is also a relative of Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Chun and Mr. Lo Tak Shing, Peter, all of whom are Directors of the Company. Mr. Lo is a director of NKY Holding Corporation which has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

EXECUTIVE DIRECTORS

Ms. Lo Pik Ling, Anita, aged 54, is an Executive Director and the Group General Manager. She joined the Group in 1982 and has been an Executive Director of the Company since 1990. She is responsible for the sales and marketing of the Hong Kong Fast Food, Contract Catering Business and School Lunch-Box Catering Business. She holds a Bachelor Degree in Social Sciences from the University of Hong Kong. She is the daughter of Mr. Lo Tang Seong, Victor and is the sister of Mr. Lo Hoi Kwong, Sunny, both of whom are Directors of the Company. Ms. Lo is also a relative of Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Chun and Mr. Lo Tak Shing, Peter, all of whom are Directors of the Company. She is a director of NKY Holding Corporation which has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Lo Tak Shing, Peter, aged 45, is the Director of Business Logistics of the Group. He joined the Company in 1996 and has been an Executive Director of the Company since 1998. He is responsible for central food processing, central purchasing and project management functions of the Group. He holds a Bachelor Degree in Electronic Engineering & Physics from the Loughborough University of Technology, a Master Degree in Medical Physics from the University of Surrey and a Doctorate Degree in Medical Physics from the University of London. Mr. Lo is a relative of Mr. Lo Tang Seong, Victor, Mr. Lo Hoi Chun, Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita, all of whom are Directors of the Company. He is a director of Wandels Investment Limited, Verdant Success Holdings Limited and Sky Bright International Limited, each of which has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

NON-EXECUTIVE DIRECTORS

Mr. Lo Tang Seong, Victor, aged 92, is the founder of the Group and has been a Non-executive Director of the Company since 1990. He had considerable experience in the food and beverage industry. Prior to founding the Group in 1968, he has been in charge of the production management at The Hong Kong Soya Bean Products Company, Limited for 17 years. Mr. Lo is the father of Ms. Lo Pik Ling, Anita, Mr. Lo Hoi Kwong, Sunny and the father-in-law of Mr. Chan Yue Kwong, Michael, all of whom are Directors of the Company. Mr. Lo is also a relative of Mr. Lo Hoi Chun and Mr. Lo Tak Shing, Peter, both of whom are Directors of the Company. He is a director of NKY Holding Corporation which has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

Mr. Lo Hoi Chun, aged 68, joined the Group in 1976 and has been a Non-executive Director of the Company since 1990. Prior to joining the Company, he had considerable experience in the food and beverage industry. He is a relative of Mr. Lo Tang Seong, Victor, Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter, all of whom are Directors of the Company. Mr. Lo is a director of LBK Holding Corporation and MMW Holding Corporation, both of which have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

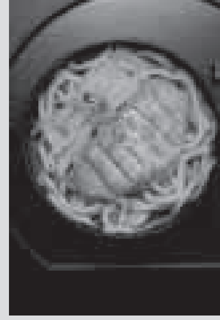
Mr. Hui Tung Wah, Samuel, aged 53, joined the Group in 1984 and has been a Non-executive Director of the Company since 1997. He is an executive director of Omnicorp Limited. He holds a Bachelor Degree in Social Sciences from the University of Hong Kong and a Master Degree in Business Administration from the Brunel University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Ngai Min, Michael, J.P., aged 49, was appointed as an Independent Non-executive Director of the Company in 1994. He is the chairman of Land Power International Holdings Limited. Mr. Choi has been in the real estate industry for over 26 years with extensive knowledge and experience in the real estate markets in Hong Kong and Mainland China. Currently, he is a member of the Real Estate and Infrastructure Committee of the Hong Kong General Chamber of Commerce and Chairman of the Public Affairs Committee of the Hong Kong Institute of Real Estate Administration. Mr. Choi was a member of the Housing Authority from 1999 to 2007, chairman of the Subsidised Housing Committee of Housing Authority from 2006 to 2007, President of the Society of Hong Kong Real Estate Agents from 1992 to 1996, Vice President of the Hong Kong Association For The Advancement of Real Estate and Construction Technology from 1997 to 2001, a member of the Estate Agents Authority from 1997 to 2002 and a member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council from 2003 to 2006. Mr. Choi graduated from the Business Management Department of the Hong Kong Baptist College and obtained a Master Degree in Business Administration from the University of East Asia, Macau. Mr. Choi is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region in 2005.

Mr. Li Kwok Sing, Aubrey, aged 57, was appointed an Independent Non-executive Director of the Company in 1994 and is a member of the Audit, Nomination and Remuneration Committees. He is director of Management Capital Limited, a Hong Kong-based financial advisory and direct investment firm, and has over 30 years' experience in merchant banking and commercial banking. He is a non-executive director of ABC Communications (Holdings) Limited, The Bank of East Asia, Limited, China Everbright International Limited, CNPC (Hong Kong) Limited, Kowloon Development Company Limited, and Pokfulam Development Company Limited, and was previously an independent non-executive director of Value Partners China Greenchip Fund Limited. He is non-executive Chairman of Atlantis Asian Recovery Fund plc. Mr. Li has a Master of Business Administration from Columbia University and a Bachelor of Science in Civil Engineering from Brown University.

Mr. Kwok Lam Kwong, Larry, J.P., aged 51, was appointed as an Independent Non-executive Director of the Company in July 2004. Mr. Kwok is a practising solicitor in Hong Kong and is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is also qualified as an accountant in Hong Kong, Australia and the United Kingdom. He graduated from the University of Sydney, Australia with Bachelor's degrees in economics and laws as well as a master's degree in laws. He is currently the Vice-Chairman of the Consumer Council, a member of the Hospital Governing Committee of Princess Margaret Hospital/ Kwai Chung Hospital, the Traffic Accident Victims Assistance Advisory Committee, the Insurance Claims Complaints Panel and the Telecommunications (Competition Provisions) Appeal Board in Hong Kong. He is also a member of the Political Consultative Committee of Guangxi in the People's Republic of China.



COMPANY SECRETARY

Dr. Li Oi Chun, Helen, aged 48, joined the Group in 1981. She is currently the Group Company Secretary and Director of Corporate Logistics of the Group. Dr. Li is responsible for investor relations, financial investment, global governance and information technology functions of the Group. Dr. Li holds a Doctorate Degree in Business Administration from The Hong Kong Polytechnic University, a Master Degree in Business Administration from the University of Surrey and a Master Degree in Marketing Management from the Macquarie University. Dr. Li is currently a Fellow member of both the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom and also holds a Postgraduate Diploma in Corporate Administration from The Hong Kong Polytechnic University.

QUALIFIED ACCOUNTANT

Ms. Chung Sau Man, Grace, aged 42, joined the Group in 2004 and is now the Chief Accountant of the Group. She is the Qualified Accountant of the Company as required under the Listing Rules, and is responsible for finance, accounting, treasury and taxation functions of the Group. Prior to joining the Group, she has considerable professional experience in financial management at Hong Kong public listed companies and a Canadian corporation in food and beverage industry, including external auditing with one of the Big 4 accounting firms. Ms. Chung holds a Master Degree in Business Administration from The University of Western Ontario in Canada. She is a member of The Association of Chartered Certified Accountants in United Kingdom, Hong Kong Institute of Certified Public Accountants, and Certified General Accountants Association of Ontario in Canada.

SENIOR MANAGEMENT

Ms. Lau Lee Fong, Rosa, aged 52, joined the Group in 1979 and is currently the Senior General Manager – Specialty Restaurants of the Group. She is responsible for development, management and overseas franchising of the chain of The Spaghetti House Restaurants and Oliver's Super Sandwiches. She holds a Master Degree in Business Administration from the University of East Asia, Macau and a Master of Science in Hotel & Tourism Management from The Hong Kong Polytechnic University. She is currently a member of the Hotel & Catering International Management Association (U.K.) and the Honorary Treasurer of Hong Kong Institute of Marketing.

Mr. Wong Yau Kwong, aged 51, joined the Group in 1983 and is the General Manager of the Food Manufacturing and Distribution – China. He is responsible for development and management of the Scanfoods Group of business and the central food processing functions in the PRC. He is a graduate of Business Management Department, Baptist University.

Mr. Leung Cho Shing, aged 51, joined the Group in 1983 and is currently the General Manager of Café de New Asia Group Co., Limited. He is responsible for development and management of Café de New Asia and Café de Coral fast food business in Eastern China region. He holds a Bachelor Degree in Hotel and Catering Management from The Hong Kong Polytechnic University.

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CORPORATE GOVERNANCE

The Board and management of the Group are committed to maintaining a high standard of corporate governance and striving for a transparent, responsible and value-driven management focused on enhancing and safeguarding shareholder value and interest. The Board believes that effective corporate governance is an essential factor to create more value to shareholders. The Board will continuously review and be committed to improving corporate governance practices and maintain its ethical corporate culture.

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31st March, 2007 save and except for the deviation from Code Provision A.2.1, which provides that the roles of chairman and chief executive officer should be separated 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 three 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.

The key corporate governance principles and practices of the Company are summarized as follows:

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific inquiry with all directors of the Company, the Company ensures that all directors have confirmed their compliance with the required standard set out in the Model Code during the year ended 31st March, 2007.

Corporate Governance and Corporate Responsibility Report

BOARD OF DIRECTORS

RESPONSIBILITIES OF THE BOARD

The primary responsibilities of the Board are to establish long term strategies and financial policies for the Company and to regularly review the Company's performance. The Board comprises ten members, including four executive directors, three non-executive directors and three independent non-executive directors. As at the date of this report, the board members are:

Executive directors

Mr. Chan Yue Kwong, Michael *(Chairman)*
Mr. Lo Hoi Kwong, Sunny *(Managing Director)*
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive directors

Mr. Lo Tang Seong, Victor
Mr. Lo Hoi Chun
Mr. Hui Tung Wah, Samuel

Independent non-executive directors

Mr. Choi Ngai Min, Michael
Mr. Li Kwok Sing, Aubrey
Mr. Kwok Lam Kwong, Larry

Biographies, including relationships among members of the Board are set out in the "Biography of Directors and Senior Management" section on page 18 to 21 of this annual report and the Company's website: www.cafedecoral.com. All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties and care, skill and diligence, contributing to the successful performance of the Group.

The Company has received an annual confirmation of independence from each of the three independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive directors are independent and that they all meet the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

The Independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgment to the Board. Through active participation in Board Meetings and serving on various Board committees, all independent non-executive directors make various contributions to the effective direction and strategic decision of the Company.

The Company has purchased Directors and Officers Liability insurance for all directors and some senior management.

Every newly appointed director, if any, is ensured to have a proper understanding on the operations and businesses of the Group and fully aware of his responsibility under the relevant applicable legal and regulatory requirements. The senior management and the Company Secretary will conduct such briefing as is necessary to update the Board with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular board meetings, an agenda of the meeting and the accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a meeting. Board papers are circulated to the Directors to ensure that they have adequate information before the meeting for any ad hoc projects.

The Management has obligation to supply the Board and the committees with adequate information in a timely manner to enable it to make informed decisions. Where any director requires more information than is volunteered by management, each director has separate and independent access to the Company's senior management for inquiry of additional information.

All Directors are entitled to have access to board papers and related materials. Such materials are prepared to enable the Board to make informed decisions on matters placed before it.

BOARD MEETINGS

The Board schedules four meetings a year at approximately quarterly intervals. In addition, special Board meetings are held as necessary.

Proposed regular Board meeting dates for a year are informed to each director at the beginning of the year. Formal notice of at least fourteen days will be given in respect of a regular meeting. For special Board meeting, reasonable notice will be given.

Directors are given opportunity to include matters in the agenda for regular Board meeting. Directors have access to the advice and service of the Company Secretary to ensure that board procedures, all applicable rules and regulations, are followed.

Minutes of Board meetings and Board committees meetings are kept by the Company Secretary. Minutes are open for inspection at any reasonable time on reasonable notice by any director. A written procedure agreed by the Board is established to enable Directors, upon reasonable request, to seek independent professional advice.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In compliance with the requirement under Code Provision A.4.2, the Company's Bye-laws were amended to provide that (i) any director who is appointed to fill a casual vacancy shall hold office until the next following general meeting; (ii) subject to the applicable laws in Bermuda, every director should retire by rotation in such manner as required under the Listing Rules and other applicable rules and regulations. Mr. Chan Yue Kwong, Michael and Mr. Lo Hoi Kwong, Sunny, being the Executive Chairman and Managing Director of the Company, have waived their rights under the applicable laws in Bermuda and be subject to the Company's Bye-laws.

All non-executive directors of the Company have been appointed for a term of two to three years subject to retirement by rotation as required by the Company's Bye-laws.

DELEGATION BY THE BOARD

The Board is primarily responsible for overall strategy and direction for the Group and overseeing the Group's businesses and providing leadership in strategic issues. The management is delegated to manage the day-to-day businesses of the Group.

When the Board delegates aspect of its management and administration functions to management, clear directions would be given as to the power of management, in particular, the circumstances where management should report back to the Board before making decisions or entering into any commitments on behalf of the Group.

Principal functions that are specifically delegated by the Board to the management include (i) implementation of corporate strategy and policy initiatives; (ii) provision of management reports to the Board in respect of the Group's performance, financial position and prospects; and (iii) day-to-day management of the Group.

BOARD COMMITTEES

The Board established certain Board committees with specific written terms of reference which deal clearly with the committees' authority and duties and require the committees to report back on their decisions or recommendations.

NOMINATION COMMITTEE

The Board established a Nomination Committee. The committee was chaired by Mr. Chan Yue Kwong, Michael with Mr. Lo Tak Shing, Peter, Mr. Lo Hoi Chun, Mr. Choi Ngai Min, Michael and Mr. Li Kwok Sing, Aubrey as members. The primary function of the Nomination Committee is to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendation to the Board regarding any proposed changes.

Proposal for the appointment of new director, if any, will be considered and reviewed by the Nomination Committee. In addition to meeting the relevant standards set forth under the Listing Rules, the candidates to be selected are those who can add value to the Board through their contribution and expertise in the relevant strategic business areas and which appointments will result on the constitution of a strong and diverse Board.

A meeting of Nomination Committee was held during the year (with individual member's attendance as set out under the section of "Number of meetings and directors' attendance") to review the current size and composition of the Board, assessed the independence of the independent non-executive directors and make recommendation on the re-election of Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Mr. Lo Tak Shing, Peter and Mr. Lo Tang Seong, Victor as Directors of the Company to be proposed for shareholders' approval at the last Annual General Meeting held on 11th September, 2006.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee which is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and determining the specific remuneration packages of all executive directors and senior management of the Company.

During the year, Mr. Lo Tang Seong, Victor tendered his resignation as a member of the Remuneration Committee and Mr. Lo Hoi Chun and Mr. Kwok Lam Kwong, Larry were appointed as members. The Remuneration Committee currently comprises Mr. Lo Hoi Chun, Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry and is chaired by Mr. Li Kwok Sing, Aubrey.

During the financial year ended 31st March, 2007, one meeting of Remuneration Committee was held to consider the terms of the new service contract of each of Mr. Chan Yue Kwong, Michael and Mr. Lo Hoi Kwong, Sunny, being the Chairman and Managing Director of the Group respectively and to propose the changes to the terms of reference of the Committee for approval by the Board.

AUDIT COMMITTEE

The Company established an Audit Committee which is primarily responsible for reviewing the financial information of the Company (including annual report and accounts and half-year report) and overseeing the financial reporting system, risk management and internal control procedures.

The Audit Committee comprises the three independent non-executive directors of the Company which is currently chaired by Mr. Choi Ngai Min, Michael and with Mr. Kwok Lam Kwong, Larry and Mr. Li Kwok Sing, Aubrey as the members.

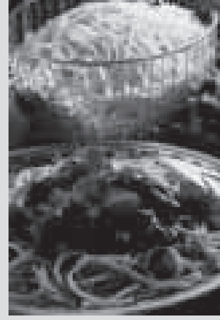
During the financial year ended 31st March, 2007, three meetings of Audit Committee were held to (i) discuss the general scope of audit work; (ii) review external auditors' management letter and management response; (iii) review the interim and annual reports before submission to the Board for approval; (iv) focus on the impact of changes in respect of the changes in accounting policies and practices and compliance with the accounting standards, Listing Rules and legal requirement in relation to the Company's interim and annual reports; and (v) overview on the progress and assessment of the Company's internal control and risk management.

Full minutes of the Audit Committee are kept by the Company Secretary.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meeting (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) held for the year ended 31st March, 2007 are set out below:

	Number of meetings attended/held For the year ended 31st March, 2007				
	BM	ACM	RCM	NCM	AGM
Executive Directors					
Mr. Chan Yue Kwong Michael *(Chairman)*	4/4	N/A	N/A	1/1	1/1
Mr. Lo Hoi Kwong, Sunny *(Managing Director)*	4/4	N/A	N/A	N/A	1/1
Ms. Lo Pik Ling, Anita	4/4	N/A	N/A	N/A	1/1
Mr. Lo Tak Shing, Peter	4/4	N/A	N/A	1/1	1/1
Non-executive Directors					
Mr. Lo Tang Seong, Victor	4/4	N/A	N/A	N/A	1/1
Mr. Lo Hoi Chun	4/4	N/A	1/1	1/1	1/1
Mr. Hui Tung Wah, Samuel	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Choi Ngai Min, Michael	4/4	2/3	1/1	1/1	1/1
Mr. Li Kwok Sing, Aubrey	4/4	3/3	1/1	1/1	1/1
Mr. Kwok Lam Kwong, Larry	3/4	3/3	1/1	N/A	0/1



EXTERNAL AUDITORS AND FINANCIAL REPORTING

The Management has provided such explanation and information to the Board and will enable the Board to make an informed assessment of the financial and other information put before the Board for approval. The Directors acknowledge their responsibilities to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

The Board is aware that their responsibilities to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

A statement by the external auditors about their reporting responsibilities is included in the Independent Auditor's Report on page 128 to 129.

During the year under review, the remuneration paid to the Company's auditors, Messrs. PricewaterhouseCoopers, is set out as follows:

Type of services	**Fee paid/payable** *HK$'000*
Audit services	3,174
Non-audit services	515
Total:	3,689

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Company assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board. The Board has conducted an annual review and assessment of the effectiveness of the risk management and internal control system of the Group for the year ended 31st March, 2007.

Management recognizes that enhancement of internal control system is necessary to support the continual growth of the Group. In this light, the Group has appointed external consultant – Deloitte Touche Tohmatsu, to review the Group's internal control system, working systems and workflows, as well as the management systems during the year 2006. The review was conducted by making reference to the guidelines and definitions given by the regulatory and professional bodies for the purpose of assessing five different internal control elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring.

Corporate Governance and Corporate Responsibility Report

The Group is committed to maintaining high standards of corporate governance. Guidelines on specific areas including corporate and financial reporting, conflicts of interest, personal benefits, relations with suppliers and contractors have been issued. New employees are informed of the Code of Ethics, corporate mission and objectives through the Group's staff orientation programme.

The Group has established defined organizational structures. Authority to operate various business functions is delegated to respective management within limits set by senior management of the headquarters or the executive directors. The senior management by way of Management Board as chaired by the Chairman meets on a regular basis to discuss and approve business strategies, plans and budgets prepared by individual business units. The performance of the Group is reported to the Board on a regular basis.

The Group identifies, assesses and ranks the risks that are most relevant to the Group's business according to their likelihood, financial consequence and reputational impact on the Group.

Three areas were selected for the Internal Controls Assessment for 2006/07:

(A) Food Safety
(B) Financial Management & Reporting
(C) Suppliers Management

This exercise was accomplished in combination with a self-risk assessment process, which allowed line managers to make a more informed decision as to whether certain polices would need further refinement. The appointed external consultant was engaged to conduct interviews to assist department managers in performing the self-risk assessment. The process owner has to assess the likelihood of the relevant risk occurring, in accordance with the Group's risk management framework.

The importance of internal controls and risk management is communicated to staff members in order to foster a control environment and awareness within the Group. The Group's working systems document operational procedures of all business units, as well as authorization and approval procedures for significant decision making.

The Group adopts a control and risk self-assessment methodology, continuously assessing and managing its business risks by way of assessment by the headquarters of the Group and each business unit on a regular basis, and communication of key control procedures to employees.

Directors acknowledge their responsibility for reviewing the Group's internal control systems, and were satisfied to the effectiveness of the Company in managing risks based on the management report and the findings performed by the external consultant.

Management has taken note of the external consultant's recommendations aiming at further strengthening the Group's internal control on continual process. Actions are in progress in accordance with the established timelines.

PRICE-SENSITIVE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of price-sensitive information, the Company is fully aware of its obligations under the Listing Rules. Proper procedures have been adopted for responding to external enquiries about the Group's affairs.

SHAREHOLDERS' RIGHT

At the annual general meeting held on 11th September, 2006, the Chairman demanded a poll on all resolutions. The procedure for demanding a poll by shareholders was incorporated in the relevant circular for the said annual general meeting. The Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, was engaged as scrutineer to ensure the votes were properly counted.

INVESTORS RELATIONS

The Company regularly meets institutional investors, financial analysts and financial media, and releases information related to the business progress of the Company so as to update the recent development of the Company through mutual and efficient communications. The Company has constantly conducted road shows and investors' conference during the year on open dialogue with the investment community. Investors are welcome to write directly to the Company at its Hong Kong head office or send enquiries to the Company's web site at www.cafedecoral.com. The Company has won the recognition in Hong Kong in the IR Magazine Hong Kong & Taiwan Awards 2006.

Important Shareholders' dates are set out on page 3 of this annual report. Investors and shareholders are welcome to review the Company's recent press release and result announcement at the Company's website at www.cafedecoral.com.

CORPORATE RESPONSIBILITY

The Company is conscious of its role as being a responsible business entity and ensuring to make positive contribution to the communities where it operates. The Company has performed certain social activities during the year and gained with recognition from the community.

HEALTH & SAFETY

The Company takes health and safety commitment towards its employees, customers and communities. The health and safety policy has been reviewed and refined periodically aiming at achieving continual improvement. Periodical and operational safety training have been provided to those employees who are working in different environment. The Company has implemented a yearly review plan regarding the outbreak of influenza. Starting from 2004, the Company has also developed a continual annual plan to deal with possible outbreak of influenza including taking anti-influenza injection annually.

Taking full account of the health and safety obligations towards the stakeholders, the Company has set up a Health and Safety Committee and standing policy since 90's to monitor all functional departments and business units in compliance to the Factories and Industrial Undertakings Ordinance and Occupational Health and Safety Ordinance, which include regular meetings, enforcement checking, meetings and procedural review.

In compliance with the Factories and Industrial Undertakings (Safety Management) Regulation, the Company has implemented a comprehensive safety management system for its central food processing plant and head office. Continuous annual audit has been conducted by external safety auditor since 2002 to assess, evaluate and improve the health and safety at work. The Company also implemented a work-station ergonometric assessment program in order to evaluate possible office work-related illnesses.

A board range of health and safety promotional program has been implemented at the operational level. Employee Health & Safety Handbook was dispatched to all new join staff. Health and safety poster and labels are posted at work and rest areas. Safety induction program and safety training have also been provided for all new join staff.

The Company has won recognitions in the 2006 Catering Industry Safety Award organized by Labour Department of Hong Kong including the Group Safety Performance Award (Gold Prize) in Fast Food Shops (Chinese and general categories).

WORK-LIFE BALANCE

The Company's human resources function aims at maintaining high ethical standards, professionalism and best people management practice in the industry.

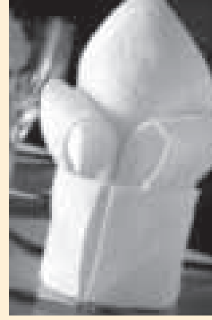
The recruitment and staffing function has been implemented in accordance with annual manpower planning to ensure that staff and talents are identified from both internal and external sources, aiming at providing the suitable career path and opportunities within the corporation. Transparent human resources policies have been set up and reviewed periodically to strike the balance of human relations in hiring, grievance, disciplinary and ethical aspects.

Acting as the communication channel within the Group, regular meetings and briefings will be held to exchange the view from the management and obtain feedback from staff. The compensation and benefits policies would be reviewed annually to meet the mutual needs and the enforcement of the belongingness.

Part of the Company's underlying principle in setting up human resources and welfare related policies is to balance the demands of employee work and family life, including Compassionate Leave, Paternity Leave and the launching of staff wellness club (大家樂融融會) which organizes health trainings and recreational programmes accessible to all staff.

Focusing on continual talent development, the Company has established an independent 'Executive Development Board' (人才發展局) which directly reports to the Management Board aiming at identifying the people development strategies for meeting the corporate staff development and succession planning for the future.

新亞大包



The directors are pleased to present their annual report together with the audited financial statements of Café de Coral Holdings Limited (the "Company") and its subsidiaries (together with the Company hereinafter as the "Group") for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. 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 activities of the principal subsidiaries are set out on pages 87 to 92.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 51.

The details of dividends for the year ended 31st March, 2007 are set out in Note 30 to the financial statements. An interim dividend of 12 HK cents per share, totaling approximately HK$65,390,000 was paid on 11th January, 2007. The directors recommended the payment of a final dividend of 30 HK cents per share, totaling approximately HK$164,791,000.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 23 to the financial statements.

Distributable reserves of the Company as at 31st March, 2007 amounted to approximately HK$425,439,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 7 to the financial statements.

PRINCIPAL INVESTMENT PROPERTIES

Details of the principal properties held for investment purposes are set out in Note 8 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 22 to the financial statements.

FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 130 to 132.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions by the Company or any of its subsidiaries, of the Company's listed securities during the year.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the share option schemes described below, the Company had no outstanding convertible securities, options, warrants or similar rights as at 31st March, 2007. Save as disclosed below, there has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

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.

SHARE OPTION SCHEMES *(Continued)*

Summary of details of the New Scheme is as follows:

Purpose	To grant incentives for retaining and rewarding eligible participants who contribute to the business and development of the Group
Participants	Employees (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries, 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
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	51,841,403 ordinary shares representing 9.44% of the issued share capital as at 10th July, 2007
Maximum entitlement of each participant	In any 12-month period shall not exceed 1% of the shares in issue
Period within which the securities must be taken up under an option	5 years commencing on the date on which an option becomes exercisable and expiring on the last day of the 5-year period save that such period shall not expire later than 10 years from the date on which the option is deemed to be granted and accepted in accordance with the New Scheme
Minimum period for which an option must be held before it can be exercised	Not applicable
Amount payable on acceptance of the option	HK$1.00

SHARE OPTION SCHEMES *(Continued)*

Summary of details of the New Scheme is as follows: *(Continued)*

Basis of determining the exercise price	Not less than the highest of (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 remaining life of the scheme	The New Scheme remains in force until 23rd September, 2013 unless otherwise terminated under the terms of the New Scheme

Outstanding Options Granted Under the Previous Scheme and the New Scheme

Details of the share options outstanding as at 31st March, 2007 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, 2006	Granted during the year	Options exercised during the year	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 31st March, 2007
Executive Directors							
Mr. Chan Yue Kwong,	4/11/1999[a]	600,000	–	(300,000)	–	–	300,000
Michael	1/11/2005[b]	2,000,000	–	–	–	–	2,000,000
Mr. Lo Hoi Kwong,	4/11/1999[a]	600,000	–	–	–	–	600,000
Sunny	1/11/2005[b]	2,000,000	–	–	–	–	2,000,000
Ms. Lo Pik Ling, Anita	4/11/1999[a]	400,000	–	–	–	–	400,000
Mr. Lo Tak Shing, Peter	4/11/1999[a]	210,000	–	(70,000)	–	–	140,000
Continuous contract	4/11/1999[a]	7,994,000	–	(3,768,000)	–	–	4,226,000
employees	1/11/2005[b]	10,600,000	–	(986,000)	–	(800,000)	8,814,000
		24,404,000	–	(5,124,000)	–	(800,000)	18,480,000

SHARE OPTION SCHEMES *(Continued)*

Outstanding Options Granted Under the Previous Scheme and the New Scheme *(Continued)*

Notes:

(a) The relevant share options were granted under the Previous Scheme.

(b) The relevant share options were granted under the New Scheme.

(c) Under the Previous 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 year was HK$11.20 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 year was HK$11.63.

(d) 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 year was HK$13.51.

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 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.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

DIRECTORS

The directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Chan Yue Kwong, Michael *(Chairman)*
Mr. Lo Hoi Kwong, Sunny *(Managing Director)*
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Lo Tang Seong, Victor
Mr. Lo Hoi Chun
Mr. Hui Tung Wah, Samuel

Independent Non-executive Directors

Mr. Choi Ngai Min, Michael
Mr. Li Kwok Sing, Aubrey
Mr. Kwok Lam Kwong, Larry

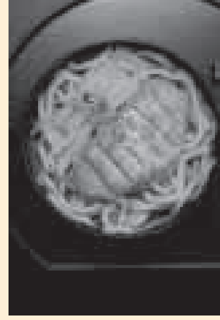
All non-executive directors and independent non-executive directors have been appointed for a term of 2-3 years subject to retirement by rotation as required by the Company's Bye-laws.

Mr. Chan Yue Kwong, Michael and Mr. Lo Hoi Kwong, Sunny, being the Executive Chairman and Managing Director of the Company, have waived their rights under the applicable laws in Bermuda and agreed to subject to the Company's Bye-law 109(A). Thus, in accordance with Bye-law 109(A) of the Company's Bye-laws, Ms. Lo Pik Ling, Anita, Mr. Lo Hoi Chun, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the independent non-executive directors, Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry, and as at the date of this report considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



DIRECTORS' INTERESTS IN CONTRACT AND CONTINUING CONNECTED TRANSACTION

(i) On 21st April, 2006, Weli Company Limited ("Weli"), an indirectly wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement with Tinway Investments Limited ("Tinway"), as landlord, to renew the tenancy agreement in respect of Shop G50 on the Ground Floor, Shops Nos. 116, 117, 124-149, 165, 173 and 174 on the First Floor of Man On House, Nos. 151-163 Wan Chai Road, Nos. 12A-C Burrows Street and Nos. 17-27 Cross Lane, Wanchai, Hong Kong (the "Premises") for a term of three years from 12th April, 2006 to 11th April, 2009 at a monthly rental at HK$176,000 ("New Tenancy Agreement"). The Premises have been used to operate a Café de Coral restaurant.

Based on the monthly rent of HK$176,000, the annual cap, excluding management fee, rates and operating expenses, is HK$2,112,000. Tinway is a connected person of the Company by virtue of being an associate of each of Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita, Mr. Lo Tak Shing, Peter, Mr. Lo Tang Seong, Victor and Mr. Lo Hoi Chun, all being directors of the Company, as defined under the Listing Rules. Accordingly, the execution of the New Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. Details of the transaction was disclosed in an announcement published on 24th April, 2006.

The independent non-executive directors of the Company reviewed the above continuing connected transaction and confirmed that the transaction has been entered into:

(1) in the ordinary and usual course of business of the Company;
(2) on normal commercial terms; and
(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the above continuing connected transaction pursuant to rule 14A.38 of the Listing Rules and advised the board of directors of the Company in writing with a copy provided to the Stock Exchange that the transaction:

a. have been approved by the board of directors of the Company;
b. have been entered into in accordance with the relevant agreement governing the transaction; and
c. have not exceeded the cap disclosed in previous announcement.

DIRECTORS' INTERESTS IN CONTRACT AND CONTINUING CONNECTED TRANSACTION *(Continued)*

Except as disclosed above, no contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted as the end of the year or at any time during the year.

None of the Directors have interests in a competing business to the Group's businesses.

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

As at 31st March, 2007, 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 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

		Number of ordinary shares (long position)						
Director	*Note*	**Personal interests**	**Family interests**	**Corporate interests**	**Trusts and similar interests**	**Equity derivatives** *(Note (g))*	**Total interests**	**% of total issued Shares**
Mr. Lo Hoi Kwong, Sunny	*(a) & (b)*	4,020,000	–	–	88,539,394	2,600,000	95,159,394	17.43%
Mr. Lo Tak Shing, Peter	*(c)*	140,000	–	–	87,626,213	140,000	87,906,213	16.10%
Mr. Lo Hoi Chun	*(d)*	132,000	–	–	67,880,834	–	68,012,834	12.46%
Ms. Lo Pik Ling, Anita	*(a)*	8,936,339	–	–	51,156,000	400,000	60,492,339	11.08%
Mr. Chan Yue Kwong, Michael	*(a) & (e)*	4,321,407	1,189,400	–	51,156,000	2,300,000	58,966,807	10.80%
Mr. Li Kwok Sing, Aubrey	*(f)*	55,000	–	–	–	–	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	–	–	–	–	25,837	0.01%
Mr. Lo Tang Seong, Victor		–	–	–	–	–	–	–
Mr. Choi Ngai Min, Michael		–	–	–	–	–	–	–
Mr. Kwok Lam Kwong, Larry		–	–	–	–	–	–	–

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

(Continued)

Interests in Shares and Underlying Shares of the Company *(Continued)*

Notes:

(a) 51,156,000 shares were held under a family trust of which Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and the associate of Mr. Chan Yue Kwong, Michael were beneficiaries.

(b) 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.

(c) 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 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.

(d) 31,911,701 shares were held under a family trust of which Mr. Lo Hoi Chun and his associates were beneficiaries. 35,969,133 shares were held under a family trust of which Mr. Lo Hoi Chun was the founder and both of Mr. Lo Hoi Chun and his associates were beneficiaries.

(e) Mr. Chan Yue Kwong, Michael was deemed to be interested in 1,189,400 shares through interests of his associates.

(f) These shares were held by Mr. Li Kwok Sing, Aubrey jointly with his spouse.

(g) These represented interests of options granted to Directors under share option schemes to subscribe for shares of the Company, further details of which are set out in the section "Share Option Schemes".

All interests in the 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 31st March, 2007, 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:

		Number of ordinary shares (long position)					
Name of shareholder	*Note*	**Personal interests**	**Family interests**	**Corporate interests**	**Trusts and similar interests**	**Total interests**	**% of total issued Shares**
GZ Trust Corporation	*(a)*	–	–	–	119,036,834	119,036,834	21.80%
Wandels Investment Limited	*(b)*	–	–	–	87,626,213	87,626,213	16.05%
Sky Bright International Limited	*(b)*	–	–	–	87,626,213	87,626,213	16.05%
Verdant Success Holdings Limited	*(b)*	–	–	–	87,626,213	87,626,213	16.05%
Royal Bank of Canada Trustees Limited	*(b)*	–	–	–	87,626,213	87,626,213	16.05%
Mr. Man Tak Wah	*(c)*	–	60,492,339	–	–	60,492,339	11.08%
NKY Holding Corporation	*(d)*	–	–	–	51,156,000	51,156,000	9.37%
Ms. Tso Po Ping	*(e)*	–	44,003,394	–	–	44,003,394	8.06%
Ardley Enterprises Limited	*(f)*	–	–	–	37,383,394	37,383,394	6.85%
Ms. Man Bo King	*(g)*	–	36,101,133	–	–	36,101,133	6.61%
LBK Holding Corporation	*(h)*	–	–	–	35,969,133	35,969,133	6.59%
MMW Holding Corporation	*(i)*	–	–	–	31,911,701	31,911,701	5.85%
Matthews International Capital Management, LLC	*(j)*	27,511,200	–	–	–	27,511,200	5.04%

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(Continued)*

Notes:

(a) GZ Trust Corporation was deemed to be interested in the capacity of trustee.

(b) These interests were held by Wandels Investment Limited ("Wandels"). Wandels was 50% owned by Sky Bright International Limited ("Sky Bright") and 50% owned by Verdant Success Holdings Limited ("Verdant Success"). Both of Sky Bright and Verdant Success were wholly-owned subsidiaries of Royal Bank of Canada Trustees Limited which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter, being a director of the Company, is also deemed to be interested by virtue of his being beneficiary of one of the family trusts.

(c) Mr. Man Tak Wah was deemed to be interested through the interests of his spouse, Ms. Lo Pik Ling, Anita (of which 400,000 shares were interests in underlying shares).

(d) These interests were held by NKY Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.

(e) 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 2,600,000 shares were interests in underlying shares).

(f) 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.

(g) Ms. Man Bo King was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Chun.

(h) These interests were held by LBK Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.

(i) These interests were held by MMW Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.

(j) These interests were held in the capacity of investment manager.

All the 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 31st March, 2007, the Directors are not aware of any other persons (other than a Director of 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2007, the percentage of sales or purchases attributable to the Group's five largest customers or suppliers was less than 30%.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors, at least 25% of the Company's total issued shares are held by the public as at the date of this report.

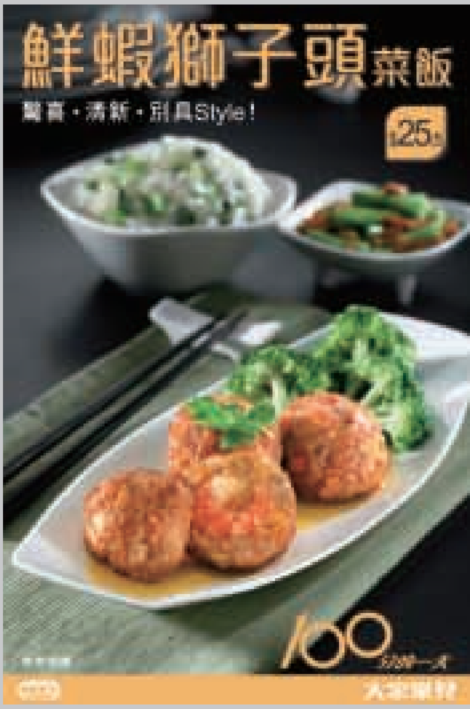
AUDITORS

The accompanying financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

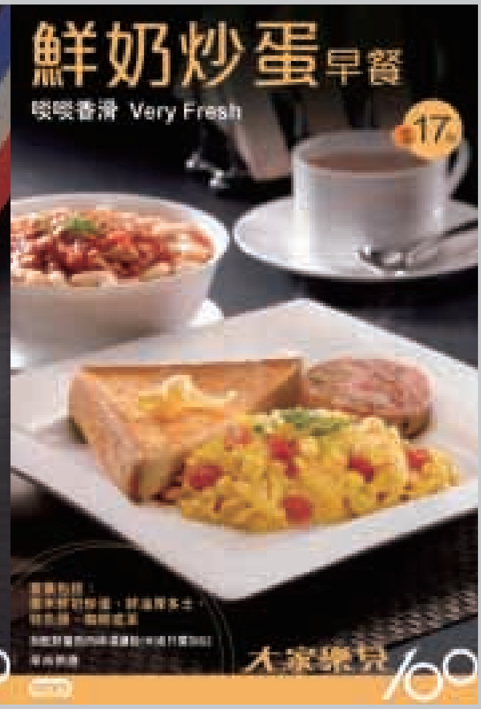
On behalf of the Board of Directors

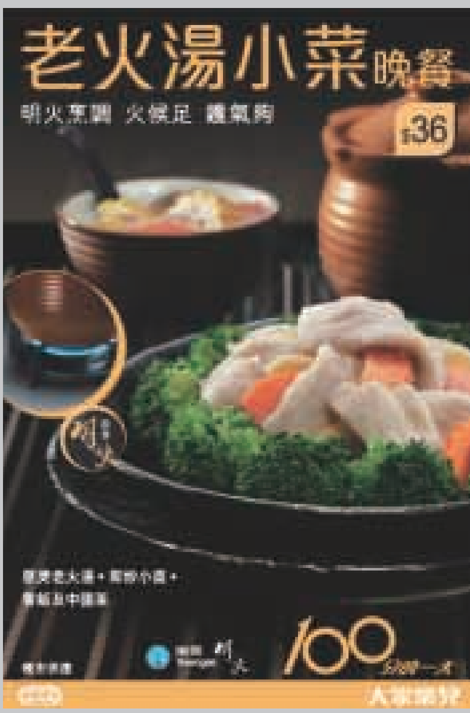
CHAN YUE KWONG, MICHAEL
Chairman

Hong Kong, 10th July, 2007


鮮蝦獅子頭菜飯
驚喜・清新・別具Style！
$25
100
大家樂


大家樂蟬聯
全國消費者
「最喜愛香港名牌」
金獎
2006
2007
大家樂


鮮奶炒蛋早餐
啖啖香滑 Very Fresh
$17
大家樂


老火湯小菜晚餐
明火烹調 火候足 鑊氣夠
$36
100
大家樂


即製滋味意粉
熱辣彈牙 至夠Fresh
$25
大家樂


一哥焗豬扒飯
醬汁香濃Super Rich!
$25
大家樂

Consolidated Balance Sheet

As at 31st March, 2007

	Note	2007 HK$'000	2006 HK$'000 (As restated)
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**308,788**	338,976
Property, plant and equipment	7	**491,978**	468,396
Investment properties	8	**155,200**	122,450
Intangible assets	9	**213,068**	223,427
Investments in associates	11	**4,357**	4,188
Investments in jointly controlled entities	12	**32,195**	30,260
Available-for-sale financial assets	13	**267,398**	173,106
Held-to-maturity investments	14	**8,837**	5,466
Deferred income tax assets	20	**12,647**	13,224
Non-current deposits		**107,079**	99,723
Retirement benefit assets	19	**31,736**	12,243
		1,633,283	1,491,459
Current assets			
Inventories	15	**74,413**	69,008
Trade and other receivables	16	**44,145**	48,110
Prepayments, deposits and other current assets		**87,811**	52,213
Financial assets at fair value through profit or loss	17	**98,720**	93,011
Cash and cash equivalents	18	**546,655**	559,506
		851,744	821,848
Total assets		**2,485,027**	2,313,307
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	20	**65,121**	64,158
Provision for long service payments	19	**4,377**	4,102
		69,498	68,260

Consolidated Balance Sheet

As at 31st March, 2007

	Note	**2007** **HK$'000**	2006 HK$'000 (As restated)
Current liabilities			
Trade payables	*21*	**94,741**	78,977
Other creditors and accrued liabilities		**300,463**	258,036
Current income tax liabilities		**23,858**	24,641
		419,062	361,654
Total liabilities		**488,560**	429,914
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*22*	**54,593**	54,081
Other reserves	*23*	**354,008**	312,821
Retained earnings	*23*		
– Proposed dividends		**164,791**	244,899
– Others		**1,423,075**	1,271,592
Total equity		**1,996,467**	1,883,393
Total equity and liabilities		**2,485,027**	2,313,307
Net current assets		**432,682**	460,194
Total assets less current liabilities		**2,065,965**	1,951,653

Approved by the Board of Directors on 10th July, 2007 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31st March, 2007

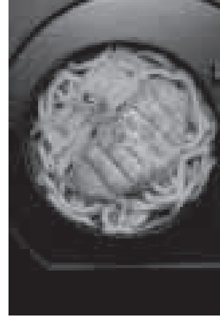
	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	10	**720,611**	703,139
Current assets			
Prepayments, deposits and other current assets		**8**	7
Cash and cash equivalents	18	**252**	26
		260	33
Total assets		**720,871**	703,172
LIABILITIES			
Current liabilities			
Other creditors and accrued liabilities		**15**	20
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	22	**54,593**	54,081
Other reserves	23	**335,291**	307,455
Retained earnings	23		
– Proposed dividends		**164,791**	244,899
– Others		**166,181**	96,717
Total equity		**720,856**	703,152
Total equity and liabilities		**720,871**	703,172
Net current assets		**245**	13
Total assets less current liabilities		**720,856**	703,152

Approved by the Board of Directors on 10th July, 2007 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 54 to 126 are an integral part of these financial statements.



Consolidated Income Statement
– by function of expense

For the year ended 31st March, 2007

	Note	2007 HK$'000	2006 HK$'000 (As restated)
Revenue	24	**3,885,151**	3,440,493
Cost of sales	26	**(3,234,421)**	(2,903,642)
Gross profit		**650,730**	536,851
Other gains, net	25	**10,385**	14,254
Administrative expenses	26	**(238,804)**	(160,021)
Operating profit		**422,311**	391,084
Finance income	27	**34,859**	31,695
Finance costs	27	**(3,676)**	(4,695)
Share of profit of associates		**2,269**	2,663
Share of loss of jointly controlled entities		**(2,857)**	(27,863)
Profit before income tax		**452,906**	392,884
Income tax expense	28	**(82,839)**	(73,031)
Profit attributable to equity holders of the Company	29	**370,067**	319,853
Dividends	30	**230,181**	298,926
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic	31	**67.95 HK cents**	59.24 HK cents
– Diluted	31	**66.95 HK cents**	58.47 HK cents

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Recognised Income and Expense

For the year ended 31st March, 2007

	2007 ***HK$'000***	2006 *HK$'000*
Exchange differences arising on translation of foreign subsidiaries	**5,763**	(4,432)
Actuarial gains on retirement benefit obligations upon the adoption of HKAS 19 (Amendment) included in total recognised income and expense	**14,488**	5,844
Deferred income tax effect on actuarial gains of retirement benefit obligation upon the adoption of HKAS 19 (Amendment) included in total recognised income and expense	**(2,535)**	(1,023)
Fair value gains, net of tax:		
– on transfer of property, plant and equipment and leasehold land and land use rights to investment properties	**180**	–
– available-for-sale financial assets	**7,408**	(8,875)
Net income/(expense) recognised directly in equity	**25,304**	(8,486)
Profit for the year	**370,067**	319,853
Total recognised income for the year	**395,371**	311,367
Attributable to:		
– Equity holders of the Company	**395,371**	311,367

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2007

	Note	**2007 HK$'000**	2006 HK$'000 (As restated)
Cash flows from operating activities			
Cash generated from operations	33	**613,743**	513,229
Interest paid		**(3,676)**	(4,695)
Hong Kong profits tax refunded		**–**	3,928
Hong Kong profits tax paid		**(69,840)**	(70,019)
Overseas taxation paid		**(14,815)**	(6,621)
Net cash generated from operating activities		**525,412**	435,822
Cash flows from investing activities			
Additions of property, plant and equipment		**(188,374)**	(144,824)
Proceeds from disposals of property, plant and equipment	33	**1,030**	1,697
Acquisition of subsidiaries		**–**	(84,500)
Investment in an associate		**–**	(2)
Investment in a jointly controlled entity		**(4,641)**	–
Repayment from/(advance to) associates		**1,060**	(2,058)
Repayment from/(advance to) jointly controlled entities		**677**	(44,824)
Dividend received from an associate		**1,040**	2,740
Purchase of available-for-sale financial assets		**(135,458)**	(45,857)
Purchase of financial assets at fair value through profit or loss		**(21,505)**	(14,084)
Purchase of held-to-maturity investments		**(19,492)**	–
Proceeds from disposals of available-for-sale financial assets		**48,975**	74,053
Proceeds from disposals of financial assets at fair value through profit or loss		**18,931**	11,305
Proceeds from redemption of held-to-maturity investments		**16,121**	–
Decrease in non-current assets		**–**	828
Interest received		**34,859**	31,695
Net cash used in investing activities		**(246,777)**	(213,831)
Cash flows from financing activities			
Net proceeds from issue of shares on exercise of share options		**20,833**	14,886
New bank borrowings		**800,000**	200,000
Repayment of bank borrowings		**(800,000)**	(237,264)
Dividends paid		**(310,645)**	(162,125)
Net cash used in financing activities		**(289,812)**	(184,503)
(Decrease)/increase in cash and cash equivalents		**(11,177)**	37,488
Effect of foreign exchange rate changes		**(1,674)**	(2,971)
Cash and cash equivalents, beginning of the year		**559,506**	524,989
Cash and cash equivalents, end of the year		**546,655**	559,506
Analysis of cash and cash equivalents:			
Cash and bank balances		**546,655**	559,506

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 10th July, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of Café de Coral Holdings Limited and its subsidiaries (together known as the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss, which are carried at fair values.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) Amendments and interpretations to published standards effective from accounting periods beginning on 1st April, 2006 and are relevant to the Group's operations

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 and are relevant to the Group's operations:

- HKAS 19 Amendment – Employee Benefits. The adoption of HKAS 19 Amendment provides an option of recognising actuarial gains and losses in full in the year in which they occur, outside profit and loss account, in reserves. The Group has elected to take the option to recognise all actuarial gains and losses, including those actuarial gains and losses previously included as part of the transitional unrecognised liabilities on initial adoption of HKAS 19, Employee Benefits. In prior years, cumulative unrecognised actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognised in the income statement over the average remaining service lives of employees. The change in accounting policy has been applied retrospectively.

  The effect of adopting the HKAS 19 Amendment on the financial statements as at 31st March, 2007 and 31st March, 2006 and for the year then ended are shown below:

	2007	2006
	HK$'000	*HK$'000*
Decrease in retirement benefits obligations	**(39,185)**	(24,697)
Increase in deferred income tax liabilities	**7,002**	4,467
Increase in retained earnings	**32,183**	20,230

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *Amendments and interpretations to published standards effective from accounting periods beginning on 1st April, 2006 and are relevant to the Group's operations* *(Continued)*

- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial Guarantee Contracts" (effective for annual periods beginning on or after 1st January, 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

- HK(IFRIC)-Int 4 "Determining Whether an Arrangement Contains a Lease" (effective for annual periods beginning on or after 1st January, 2006). It requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (i) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (ii) the arrangement conveys a right to use the asset. The adoption of this interpretation does not have a significant impact on the Group's financial statements.

- HKAS 21 Amendment "Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1st January, 2006). This amendment permits inter-company loans denominated in any currency to be part of a net investment in a foreign operation, and therefore any relating exchange difference to be treated as equity in the consolidated financial statements. Previously such loans had to be denominated in the functional currency of one of the parties to the transactions. The adoption of this amendment does not have a significant impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group

The following are the new standards and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1st May, 2006 or later periods, which have not been early adopted by the Group:

- HKFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1st January, 2007), HKAS 1 "Amendments to capital disclosures" (effective for annual periods beginning on or after 1st January, 2007). HKFRS 7 introduces new disclosures relating to financial instruments. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will adopt HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1st April, 2007.

- HKFRS 8 "Operating Segments" (effective for accounting periods beginning on or after 1st January, 2009). HKFRS 8 supersedes HKAS 14, "Segment Reporting", which requires segments to be reported based on the Group's internal reporting pattern as they represent components of the Group regularly reviewed by management. Management considers the adoption of HKFRS 8 will have no significant impact on the segment disclosures of the Group. The Group will apply HKFRS 8 from 1st April, 2009.

- HK(IFRIC)-Int 8 "Scope of HKFRS 2" (effective for annual periods beginning on or after 1st May, 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1st April, 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements.

- HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1st June, 2006). Management believes that this interpretation should not have significant impact on the Group's accounting polices as the Group has already assessed whether embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9. The Group will apply HK(IFRIC)-Int 9 from 1st April, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) *New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group* *(Continued)*

- HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment" (effective for annual periods beginning on or after 1st November, 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1st April, 2007, but it is not expected to have any significant impact on the Group's financial statements.

- HK(IFRIC)-Int 11 "HKFRS 2 – Group and Treasury Share Transfer" (effective for annual periods beginning on or after 1st April, 2007). This interpretation addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from 1st April, 2007 but it is not expected to have any significant impact on the Group's financial statements.

(c) *Interpretations to existing standards that are not yet effective and not relevant to the Group's operations*

The following interpretation to existing standard has been published that is mandatory for the accounting period beginning on or after 1st January, 2008 and is not relevant for the Group's operations:

- HK(IFRIC)-Int 12 "Service Concession Arrangement" (effective for annual accounting periods beginning on or after 1st January, 2008). This interpretation sets out general principles on recognising and measuring the obligation and related rights in service concession arrangements. The Group has no service concession arrangements and management considers the interpretation is not relevant to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) Standards, amendments and interpretations effective from accounting periods beginning on 1st April, 2006 but not relevant to the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 but are not relevant to the Group's operations:

- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions.
- HKFRS 1 Amendment – First-time adoption of Hong Kong Financial Reporting Standards.
- HK(IFRIC)-Int 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- HK(IFRIC)-Int 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.
- HK(IFRIC)-Int 7 – Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economics.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(a) *Subsidiaries* *(Continued)*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill *(Note 2.8)*. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(b) Associates *(Continued)*

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated income statement includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equity held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation difference on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Leasehold land and land use rights

The up-front prepayments made for leasehold land and land use rights are accounted for as operating leases. They are expensed in the income statement on a straight-line basis over the periods of the lease, or when there is impairment, the impairment is expensed in the income statement.

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	2.5%
Leasehold improvements	Over the remaining period of the lease
Furniture, restaurant and other equipment	10%-33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(Note 2.9)*.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the Group, is classified as investment property.

Investment property comprises land and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a financial lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the period in which they are incurred.

Changes in fair values are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of jointly controlled entities is included in investments in jointly controlled entities and is tested annually for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

Other intangible assets have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of other intangible assets over their estimated useful lives of 9 to 20 years.

2.9 Impairment of investments in subsidiaries, associates, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet *(Note 2.12)*.

(c) Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date; these are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ’financial assets at fair value through profit or loss’ category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as ‘gains and losses from investment securities’. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in *Note 2.12*.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probably that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of food and beverages

Sale of food and beverages are recognised in the income statement at the point of sale to customers.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Rental income

Rental income is recognised on a straight-line basis over the lease periods.

(iv) Management and service fee income

Management and service fee income is recognised when services are rendered.

(v) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

The expected cost of profit sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(iii) Pension obligations (Continued)

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised in full in the period in which they occur, outside income statement, in equity.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Long service payment

The Group's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employee fulfills certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The discount rate is the yield at balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses are recognised in full in the period in which they occur, outside income statement, in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(v) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.21 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23 Financial guarantees

A financial guarantee (a type of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each balance sheet date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee were to result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Currency risk

The Group primarily operates in Hong Kong, the People's Republic of China ("PRC") and North America and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Chinese Renminbi (RMB), United States (US) dollars and Canadian dollars. Foreign exchange risk also arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures.

In addition, the conversion of Chinese Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China Government.

(b) Interest rate risk

Major interest bearing assets of the Group are bank deposits, held-to-maturity investments and available-for-sale financial assets. The Group monitors its interest rate risk through management of maturity profile and choice of types of interest rate. Besides, the Group continues to adopt a conservative approach to financial risk management with no significant borrowing during the year. The interest rate risk resulted from borrowing is minimal.

(c) Credit risk

The Group's sales to customers are mainly on a cash basis. The carrying amount of trade and other receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance and the Directors are of the opinion that adequate provision for uncollectible receivable has been made.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation

The fair value of financial assets traded in active markets (such as financial assets at fair value through profit or loss securities and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on the five-year financial budgets approved by management and the estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

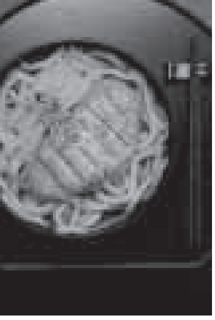
(b) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment, leasehold land and land use rights, and intangible assets (other than goodwill) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. The calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

(c) Useful lives of property, plant and equipment and intangible assets (other than goodwill)

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore depreciation and amortisation expense in future periods.



4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities or anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

5 SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

At 31st March, 2007, the Group's business activities are conducted predominantly in Hong Kong, Mainland China and North America.

The segment results for the year ended 31st March, 2007 are as follows:

	Hong Kong	**Mainland China**	**North America**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues				
Total segment revenue	**3,310,270**	**314,580**	**320,067**	**3,944,917**
Inter-segment revenue	**(1,919)**	**(57,847)**	**–**	**(59,766)**
Revenue	**3,308,351**	**256,733**	**320,067**	**3,885,151**
Segment result	**409,131**	**36,793**	**(23,613)**	**422,311**
Finance income	**33,404**	**1,224**	**231**	**34,859**
Finance costs	**(3,093)**	**(583)**	**–**	**(3,676)**
Share of profit of associates	**2,269**	**–**	**–**	**2,269**
Share of loss of jointly controlled entities	**–**	**(2,857)**	**–**	**(2,857)**
Profit before income tax				**452,906**
Income tax expense				**(82,839)**
Profit attributable to the equity holders of the Company				**370,067**

5 SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format – geographical segments *(Continued)*

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2007			
	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation *(Note 7)*	**126,148**	**13,506**	**12,964**	**152,618**
Amortisation of intangible assets *(Note 9)*	**2,703**	**–**	**7,656**	**10,359**
Amortisation of leasehold land and land use rights *(Note 6)*	**5,016**	**1,688**	**–**	**6,704**
Impairment of property, plant and equipment	**–**	**–**	**7,790**	**7,790**
Loss on disposal of property, plant and equipment	**2,390**	**–**	**5,374**	**7,764**

The segment assets and liabilities at 31st March, 2007 and capital expenditure for the year then ended are as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**1,518,550**	**258,964**	**283,359**	**2,060,873**
Associated companies	**4,357**	**–**	**–**	**4,357**
Jointly controlled entities	**–**	**32,195**	**–**	**32,195**
	1,522,907	**291,159**	**283,359**	**2,097,425**
Unallocated assets				**387,602**
Total assets				**2,485,027**
Segment liabilities	**321,040**	**38,472**	**40,069**	**399,581**
Unallocated liabilities				**88,979**
Total liabilities				**488,560**
Capital expenditure	**151,123**	**31,079**	**6,172**	**188,374**

5 SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format – geographical segments *(Continued)*

The segment results for the year ended 31st March, 2006 are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment revenues				
Total segment revenue	3,120,159	258,995	134,884	3,514,038
Inter-segment revenue	(1,651)	(71,894)	–	(73,545)
Revenue	3,118,508	187,101	134,884	3,440,493
Segment result	367,779	24,638	(1,333)	391,084
Finance income	31,366	329	–	31,695
Finance costs	(1,938)	(112)	(2,645)	(4,695)
Share of profit of associates	2,663	–	–	2,663
Share of loss of jointly controlled entities	–	(5,138)	(22,725)	(27,863)
Profit before income tax				392,884
Income tax expense				(73,031)
Profit attributable to the equity holders of the Company				319,853

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2006			
	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Depreciation *(Note 7)*	120,764	11,524	5,148	137,436
Amortisation of intangible assets *(Note 9)*	2,703	–	3,190	5,893
Amortisation of leasehold land and land use rights *(Note 6)*	5,399	1,554	–	6,953
Impairment of property, plant and equipment	445	–	–	445
Loss on disposal of property, plant and equipment	4,834	–	–	4,834

5 SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format – geographical segments *(Continued)*

The segment assets and liabilities at 31st March, 2006 and capital expenditure for the year then ended are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment assets	1,497,041	213,446	283,565	1,994,052
Associated companies	4,188	–	–	4,188
Jointly controlled entities	–	30,260	–	30,260
	1,501,229	243,706	283,565	2,028,500
Unallocated assets				284,807
Total assets				2,313,307
Segment liabilities	287,351	23,477	30,287	341,115
Unallocated liabilities				88,799
Total liabilities				429,914
Capital expenditure	111,837	24,148	272,879	408,864

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, intangible assets, investments in associates and jointly controlled entities, inventories, receivables, cash and cash equivalents and other operating assets. Unallocated assets comprise deferred taxation, available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss.

Segment liabilities comprise operating liabilities and borrowing. They exclude items such as taxation.

Capital expenditure comprises additions to leasehold land and land use rights *(Note 6)*, property, plant and equipment *(Note 7)*, investment properties *(Note 8)* and intangible assets *(Note 9)*, including additions resulting from acquisitions through business combinations.

(b) Secondary reporting format – business segment

No segment analysis by business segment is presented as the Group principally operates in one business segment, which is the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains.

6 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**115,004**	123,429
Leases of between 10 to 50 years	**164,948**	185,841
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**28,836**	29,706
	308,788	338,976

	Group	
	2007	2006
	HK$'000	*HK$'000*
Beginning of the year	**338,976**	345,929
Amortisation of leasehold land and land use rights	**(6,704)**	(6,953)
Exchange difference	**285**	–
Fair value gains	**218**	–
Transfer to investment properties	**(23,987)**	–
End of the year	**308,788**	338,976

Amortisation of leasehold land and land use rights of HK$6,704,000 (2006: HK$6,953,000) has been expensed in cost of sales.

7 PROPERTY, PLANT AND EQUIPMENT

	Group			
	Freehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, restaurant and other equipment *HK$'000*	Total *HK$'000*
At 1st April, 2005				
Cost	109,221	270,072	964,254	1,343,547
Accumulated depreciation	(26,408)	(200,451)	(702,631)	(929,490)
Net book amount	82,813	69,621	261,623	414,057
Year ended 31st March, 2006				
Opening net book amount	82,813	69,621	261,623	414,057
Acquisition of subsidiaries	–	33,368	19,804	53,172
Additions	–	34,741	110,083	144,824
Disposal	–	(270)	(6,261)	(6,531)
Depreciation	(2,358)	(25,643)	(109,435)	(137,436)
Exchange differences	–	465	290	755
Provision for impairment	–	(445)	–	(445)
Closing net book amount	80,455	111,837	276,104	468,396
At 31st March, 2006				
Cost	109,221	383,203	1,057,274	1,549,698
Accumulated depreciation and impairment	(28,766)	(271,366)	(781,170)	(1,081,302)
Net book amount	80,455	111,837	276,104	468,396
Year ended 31st March, 2007				
Opening net book amount	80,455	111,837	276,104	468,396
Additions	187	57,950	130,237	188,374
Disposal	–	(2,704)	(6,090)	(8,794)
Depreciation	(2,353)	(34,812)	(115,453)	(152,618)
Exchange differences	280	2,589	3,054	5,923
Transfer to investment property	(1,513)	–	–	(1,513)
Provision for impairment	–	(6,097)	(1,693)	(7,790)
Closing net book amount	77,056	128,763	286,159	491,978
At 31st March, 2007				
Cost	107,803	432,705	1,143,324	1,683,832
Accumulated depreciation and impairment	(30,747)	(303,942)	(857,165)	(1,191,854)
Net book amount	77,056	128,763	286,159	491,978

Note: Depreciation expense of HK$144,884,000 (2006: HK$132,056,000) has been included in cost of sales and HK$7,734,000 (2006: HK$5,380,000) in administrative expenses.

8 INVESTMENT PROPERTIES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Beginning of the year	**122,450**	110,400
Fair value gains	**7,250**	12,050
Transfer from property, plant and equipment and leasehold land and land use rights	**25,500**	–
End of the year	**155,200**	122,450

The investment properties were revalued at 31st March, 2007 by CB Richard Ellis Limited, independent professionally qualified valuers. Valuations were based on current prices in an active market for all properties.

The Group's interests in investment properties at their net book values are analysed as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**87,000**	82,500
Leases of between 10 to 50 years	**68,200**	39,950
	155,200	122,450

9 INTANGIBLE ASSETS

	Group		
	Goodwill	**Other intangible assets**	**Total**
At 1st April, 2005			
Cost	1,106	64,694	65,800
Accumulated amortisation	–	(47,348)	(47,348)
Closing net book amount	1,106	17,346	18,452
Year ended 31st March, 2006			
Opening net book amount	1,106	17,346	18,452
Acquisition of subsidiaries	102,445	108,423	210,868
Amortisation expense	–	(5,893)	(5,893)
Closing net book amount	103,551	119,876	223,427
At 31st March, 2006			
Cost	103,551	173,117	276,668
Accumulated amortisation	–	(53,241)	(53,241)
Closing net book amount	103,551	119,876	223,427
Year ended 31st March, 2007			
Opening net book amount	103,551	119,876	223,427
Amortisation expense	–	(10,359)	(10,359)
Closing net book amount	103,551	109,517	213,068
At 31st March, 2007			
Cost	103,551	173,117	276,668
Accumulated amortisation	–	(63,600)	(63,600)
Closing net book amount	103,551	109,517	213,068

Note: Amortisation of HK$10,359,000 (2006: HK$5,893,000) is included in the administrative expenses.

9 INTANGIBLE ASSETS *(Continued)*

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation.

A segment-level summary of the goodwill allocation is presented below.

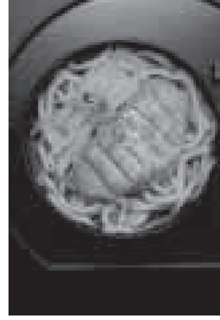
	2007 **HK$'000**	2006 HK$'000
North America	**102,445**	102,445
Hong Kong and Mainland China *(Note a)*	**6,710**	6,710
	109,155	109,155

Note a: Goodwill relating to a CGU identified in Hong Kong and Mainland China of HK$5,604,000 (2006: HK$5,604,000) was included in investment in jointly controlled entities.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The key assumptions used for value-in-use calculations for each CGU are as follows:

	North America	**Hong Kong and Mainland China**
Discount rate	13%	10% – 11%
Revenue growth rate (five-year period)		
– Corporate revenue	Average growth rate of 1% per annum	Average growth rate of 7% – 10% per annum
– Franchise revenue	Average growth rate of 17% per annum	N/A
Revenue growth rate (beyond five years)	2%	3%

Management has performed sensitivity analysis for the goodwill arisen from the North America operation by adjusting the franchise revenue average growth rate to 12% per annum. Based on this assumption, the Group does not have to recognise a further impairment loss.



10 INVESTMENTS IN SUBSIDIARIES – COMPANY

	2007 HK$'000	2006 HK$'000
Investment in unlisted shares, at cost	**331,802**	335,251
Amounts due from subsidiaries	**388,809**	367,888
	720,611	703,139

Amounts due from subsidiaries represent funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investment in subsidiaries.

The directors are of the opinion that the underlying values of the subsidiaries were not less than their carrying values as at 31st March, 2007.

The following is a list of the principal subsidiaries as at 31st March, 2007:

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Ah Yee Leng Tong Restaurants Limited	Hong Kong	HK$600,000	Ordinary	100%	Catering
Amigo Mio Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Ashlone Limited	Hong Kong	HK$1,320,000	Ordinary	100%	Catering
Asia Pacific Catering Corporation Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Bamburgh Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Barneston Limited	Hong Kong	HK$20	Ordinary	100%	Investment holding
Barson Development Limited	Hong Kong	HK$10,000	Ordinary	100%	Property investment
Birgitta Limited	Hong Kong	HK$900,000	Ordinary	100%	Investment holding
Bloomcheer Limited	Hong Kong	HK$500,000	Ordinary	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Bravo le Café Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Brilliantwin Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Café de Coral Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Central Processing Limited	Hong Kong	HK$20	Ordinary	100%	Food processing
Café de Coral (China) Limited	Hong Kong	HK$40,000,000	Ordinary	100%	Investment holding
Café de Coral (Denmark) ApS	Denmark	DKK125,000	Ordinary	100%	Investment holding
Café de Coral Development Limited[1]	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Fast Food Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Café de Coral Group Limited	Hong Kong	HK$44,894,967	Ordinary	100%	Catering
Café de Coral (Guangzhou) Catering Company Limited	The PRC	HK$21,000,000	–	100%	Catering
Café de Coral (Macau) Limited	Macau	MOP300,000	Ordinary	70%	Catering
Café de Coral Overseas Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Properties Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Charley's Chicken Limited	Hong Kong	HK$2	Ordinary	100%	Catering
China Inn Restaurants, Inc.	United States	US$1,457,287	Common	100%	Operation of restaurants
City Energy Limited	Hong Kong	HK$200,000	Ordinary	100%	Property investment
Dai Lo Foo (Holdings) Limited	Hong Kong	HK$1,340,000	Ordinary	100%	Catering
Diners Court Management Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Dongguan Asia Pacific Catering Company Limited	The PRC	HK$3,000,000	–	100%	Catering
Dongguan Continental Foods Limited	The PRC	RMB17,330,000	–	100%	Food processing
Eldoon Limited	Hong Kong	HK$10,000	Ordinary	100%	Catering
Embark Developments Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Exo Enterprises Limited	Hong Kong	HK$4,000,000	Ordinary	100%	Catering
Foshan Café de Coral Catering Company Limited	The PRC	HK$6,000,000	–	100%	Catering
Gateway City Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Goodton Development Limited	Hong Kong	HK$10,000	Ordinary	100%	Investment holding
Grand Regent China Limited	Hong Kong	HK$2	Ordinary	100%	Investment holding

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Grand Seasons (Central) Food and Beverages Caterers Company Limited	Hong Kong	HK$10,000	Ordinary	100%	Catering
Greenwise Limited	Hong Kong	HK$2	Ordinary	100%	Investment holding
Guangzhou Asia Pacific Catering Company Limited	The PRC	HK$8,000,000	–	100%	Catering
Interface Consultants Limited	British Virgin Islands	US$1	Ordinary	100%	Provision of consultancy services
Invol Resources Limited	Hong Kong (incorporation)/ The PRC (operation)	HK$6,125,000	Ordinary	100%	Property investment
Jiangmen Café de Coral Catering Company Limited	The PRC	HK$5,000,000	–	100%	Catering
Kater International Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Kolink Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Leasing of premises space
Manchu Wok (Canada) Inc.	Canada	C$250,000	Common	100%	Fast food chains
Manchu Wok Enterprises Inc.	Canada/The United States and Canada	C$2,865,000 C$3,000,000 C$955	Class A[2] Class B[3] Class C[4]	100% 100% 100%	Investment holding
Manchu Wok Enterprises II Inc.	Canada/The United States and Canada	US$2,100,000 C$1,600	Class B[3] Class C[4]	100% 100%	Investment holding

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Manchu Wok (USA), Inc.	United States	US$100	Common	100%	Fast food chains
Perfect Plan International Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Scanfoods Limited	Hong Kong	HK$2,100,000	Ordinary	100%	Food trading
Shenzhen Café de Coral Catering Company Limited	The PRC	HK$12,000,000	–	100%	Catering
Shenzhen Prime Deal Catering Company Ltd	The PRC	HK$2,700,000	–	100%	Catering
Shenzhen Spaghetti House Catering Company Limited	The PRC	HK$6,000,000	–	100%	Catering
Sheriafort Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding (securities)
Sparango Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Speedy Chef Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Sturgate Investments Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
The Spaghetti House Restaurants Limited	Hong Kong	HK$10,000,000	Ordinary	100%	Investment holding
Very Nice Fast Food Limited	Hong Kong	HK$17,025,000 HK$5,675,000	Class A Class B	100% 100%	Catering
Weli Company Limited	Hong Kong	HK$1,000,000	Ordinary	100%	Catering
Winfast Holdings Limited	Hong Kong (incorporation)/ The PRC (operation)	HK$10,000	Ordinary	100%	Property investment

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of subsidiary	Country of incorporation and operation	Issued share capital	Class of shares held	Percentage of shares held[1]	Principal activities
Worldson Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Worldway Limited	Macau	MOP300,000	Ordinary	100%	Property investment
Yumi Yumi Caterers Limited	Hong Kong	HK$6,701,560 HK$2,872,100	Class A Class B	100% 100%	Catering
Zhongshan Café de Coral Catering Company Limited	The PRC	HK$1,200,000	–	100%	Catering
Zhuhai Café de Coral Catering Company Limited	The PRC	HK$8,000,000	–	100%	Catering

1 Café de Coral Development Limited is held directly by the Company. All other subsidiaries are held indirectly.

2 Class A shares are non voting and are entitled to receive a cumulative dividend of 8% of the stated capital of Class A shares in preference to dividends paid on Class B and Class C shares.

3 Class B shares are non voting and are entitled to receive a cumulative dividend of 6% of the stated capital of Class B shares, subject to the rights of the Class A shareholders, but in preference to Class C shares.

4 Class C shares are voting participating shares and are subject to the prior rights of the Class A and Class B shares.

11 INVESTMENT IN ASSOCIATES

	Group 2007 HK$'000	2006 HK$'000
Share of net assets	**3,299**	2,070
Due from the associated companies	**1,058**	2,118
	4,357	4,188
Unlisted investments, at cost	**202**	202

(a) Details of the associated companies as at 31st March, 2007 are as follows:

Name	Place of incorporation and operations	Principal activity	Particulars of issued shares held	Interest held indirectly
Miracle Time Enterprise Limited	Hong Kong	Operation of a restaurant	Ordinary shares of HK$1 each	20%
Skybest International Investment Enterprise Limited	Hong Kong	Operation of a restaurant	Ordinary shares of HK$1 each	20%

(b) The amounts due from the associated companies are unsecured, non-interest bearing and are not repayable in the coming twelve months.

(c) The directors are of the opinion that the underlying value of the associated companies was not less than its carrying amount as at 31st March, 2007.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Share of net assets	**26,591**	23,979
Goodwill on acquisition of jointly controlled entities	**5,604**	5,604
Due from jointly controlled entities	**–**	677
	32,195	30,260
Unlisted investments, at cost	**42,877**	39,180

(a) Details of the jointly controlled entities as at 31st March, 2007 are as follows:

Name	Place of incorporation/ operations	Principal activities	Percentage of interest in ownership
Beijing Spaghetti Catering Co., Limited	The People's Republic of China	Operation of restaurants	33%
Café de New Asia Group Co., Limited	The People's Republic of China	Operation of restaurants	50%
Xian Scanfoods ZhaoLong Foods Company Limited	The People's Republic of China	Food manufacturing	60%

(b) The amounts due from the jointly controlled entities are unsecured, non-interest bearing and not repayable within the next twelve months.

(c) The directors are of the opinion that the underlying values of the jointly controlled entities were not less than their carrying values as at 31st March, 2007.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Beginning of the year	**173,106**	210,177
Additions	**135,458**	45,857
Redemptions/disposals	**(48,975)**	(74,053)
Net gains/(losses) transfer to equity	**7,408**	(8,875)
Exchange differences	**401**	–
End of the year	**267,398**	173,106

Available-for-sale financial assets include the following:

	2007	2006
	HK$'000	*HK$'000*
– Unlisted debt securities with floating interest and fixed interest ranging from 3% to 9% per annum, and with maturity dates between 6 months and 10 years	**167,038**	173,106
– Unlisted equity securities *(Note a)*	**100,360**	–
	267,398	173,106

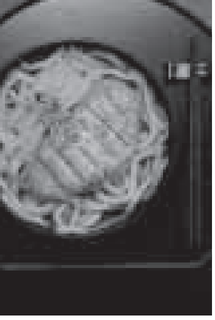
Note a:

During the year, the Group acquired 11.65% interest in Tensel Investment Limited ("Tensel") with a total consideration of HK$100,360,000 from third parties. Tensel Investment Limited and its subsidiaries are primarily engaged in provision of food catering services through a chain of restaurants.

The sellers of Tensel granted a call option to a subsidiary of the Group to allow this subsidiary to maintain its percentage of ownership at 10% or above immediately after Tensel or its new holding company has successfully listed on The Stock Exchange of Hong Kong Limited.

The sellers of Tensel also granted a put option to this subsidiary which allows this subsidiary to put back the investment in Tensel to the sellers if Tensel or its new holding company cannot be listed on The Stock Exchange of Hong Kong Limited before 31st December, 2007.

Such call and put options were subsequently waived in June 2007.



13 AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

Available-for-sale financial assets are denominated in the following currencies:

	2007 **HK$'000**	2006 HK$'000
– US dollars	**167,038**	163,106
– HK dollars	**100,360**	10,000
	267,398	173,106

None of the available-for-sale financial assets are either past due or impaired.

14 HELD-TO-MATURITY INVESTMENTS

	2007 **HK$'000**	2006 HK$'000
Beginning of the year	**5,466**	5,466
Additions	**19,492**	–
Redemptions	**(16,121)**	–
End of the year	**8,837**	5,466

	2007 **HK$'000**	2006 HK$'000
Held-to-maturity investments include the following:		
– Debt securities listed overseas at amortised cost	**8,837**	5,466
Quoted market value of listed debt securities	**8,791**	5,294

Held-to-maturity investments are denominated in the following currencies:

	2007 **HK$'000**	2006 HK$'000
– US dollars	**7,819**	3,941
– HK dollars	**1,018**	1,525
	8,837	5,466

15 INVENTORIES

Inventories comprise mainly food and consumable stores and are stated at lower of cost and net realisable value.

The cost of inventories recognised as expense and included in cost of sales amounted to HK$1,190,962,000 (2006: HK$1,061,873,000).

16 TRADE AND OTHER RECEIVABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**23,991**	30,930
Less: provision for impairment of receivables	**(3,347)**	(4,021)
Trade receivables – net	**20,644**	26,909
Other receivables	**23,501**	21,201
	44,145	48,110

The carrying values of trade receivables approximated their fair values.

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.

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**12,010**	13,828
31 – 60 days	**4,705**	5,892
61 – 90 days	**992**	1,027
Over 90 days	**6,284**	10,183
	23,991	30,930

16 TRADE AND OTHER RECEIVABLES *(Continued)*

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2007	2006
	HK$'000	*HK$'000*
HK dollar	**16,528**	17,816
Chinese Renminbi ("RMB")	**2,121**	2,598
US dollar	**4,377**	9,262
Canadian dollar	**965**	1,254
	23,991	30,930

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**412**	752
Investment funds	**98,308**	92,259
	98,720	93,011

Financial assets at fair value through profit or loss are denominated in the following currencies:

	2007	2006
	HK$'000	*HK$'000*
– US dollars	**98,308**	92,259
– HK dollars	**412**	752
	98,720	93,011

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and on hand	**261,452**	172,879	**252**	26
Short-term bank deposits	**285,203**	386,627	**–**	–
	546,655	559,506	**252**	26

The effective interest rate on short-term bank deposits was 4.78% (2006: 4.42%) per annum, these deposits have an average maturity of 30 days (2006: 30 days).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK dollar	**211,301**	223,439	**252**	26
Chinese Renminbi ("RMB")	**77,841**	44,550	**–**	–
US dollar	**247,635**	215,959	**–**	–
Canadian dollar	**9,688**	69,837	**–**	–
Others	**190**	5,721	**–**	–
	546,655	559,506	**252**	26

19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Retirement benefit assets/(liabilities)		
Defined contribution schemes *(Note (a))*	**(5,584)**	(5,037)
Defined benefit scheme *(Note (b))*	**31,736**	12,243
Provision for long service payments *(Note (c))*	**(4,377)**	(4,102)

The provision for defined contribution scheme is included in other creditors and accrued liabilities.

(a) Defined contribution schemes

The Group operates the Mandatory Provident Fund Scheme ("MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The scheme is administered by an independent trustee.

Under the MPF scheme, each of the Group and the eligible employees make monthly mandatory contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The mandatory contributions by each party are subject to a maximum of HK$1,000 per month. Contributions to the scheme vest immediately upon the completion of service in the relevant service period.

The Group also operates defined contribution schemes for its employees in the PRC, Canada and the USA. The Group is required to make contributions to the schemes at various applicable rates of monthly salary that are in accordance with the local practice and regulations.

(b) Defined benefit scheme

The Group operates a defined benefit scheme for its employees in Hong Kong. The benefit entitlement under the scheme is calculated based on the final salary of the staff and the length of service with the Group. The scheme assets are held independently of the Group's assets in separate trustee-administered funds.

19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

The scheme is funded by contributions from the Group and the employees in accordance with qualified independent actuary's recommendation from time to time on the basis of periodic valuations.

Such defined benefit scheme obligation was valued by Watson Wyatt Limited, an independent qualified actuary, using the projected unit credit method.

The net assets/(liabilities) recognised in the consolidated balance sheet is determined as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Present value of funded obligations	**(115,371)**	(118,508)
Fair value of plan assets	**147,107**	130,751
Net asset in the balance sheet	**31,736**	12,243
Experience adjustment gains on plan liabilities	**(11,604)**	(558)
Experience adjustment gains on plan assets	**(6,369)**	(6,885)

The movement in the defined benefit obligation is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Beginning of the year	**(118,508)**	(112,652)
Current service cost	**(3,901)**	(4,095)
Interest cost	**(5,355)**	(5,652)
Employee contributions	**(1,484)**	(1,524)
Actuarial gains	**8,717**	558
Benefit paid	**5,160**	4,857
End of the year	**(115,371)**	(118,508)

19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

The movement in the fair value of plan assets of the year is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Beginning of the year	**130,751**	114,418
Expected return on plan assets	**9,211**	8,058
Actuarial gains	**6,369**	6,885
Employee contributions	**1,484**	1,524
Employer contributions	**4,452**	4,723
Benefits paid	**(5,160)**	(4,857)
End of the year	**147,107**	130,751

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Current service cost	**3,901**	4,095
Interest cost	**5,355**	5,652
Expected return on plan assets	**(9,211)**	(8,058)
Total, included in employee benefit expense *(Note 32)*	**45**	1,689

Of the total charge, approximately HK$25,000 (2006: HK$729,000) and HK$20,000 (2006: HK$960,000) were included in cost of sales and administrative expenses, respectively.

The actual return on plan assets was a gain of approximately HK$15,580,000 (2006: HK$14,943,000).

19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

The principal actuarial assumptions used are as follows:

	2007	2006
Discount rate	**4.25% p.a.**	4.5% p.a.
Expected rate of return on plan assets	**6.75% p.a.**	6.5% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3.5% p.a.

The actuarial gains recognised in the consolidated statement of recognised income and expense was HK$15,086,000 (2006: HK$7,443,000).

The cumulative actuarial gains recognised in the consolidated statement of recognised income and expense was HK$37,335,000 (2006: HK$22,249,000).

	2007	2006
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equity instruments	**59.0%**	59.0%
Debt instruments	**32.2%**	32.2%
Other assets	**8.8%**	8.8%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the benefit plans for the year ending 31st March, 2008 are approximately HK$4,626,000.

19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(c) Provision for long service payments

The Group provides long service payments for its employees in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance.

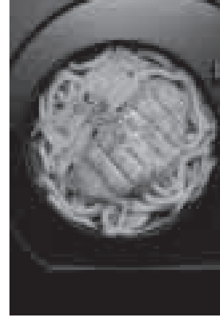
Such provision for long service payments obligation was valued by Watson Wyatt Limited, an independent qualified actuary, using the projected unit credit method.

The net liability recognised in the consolidated balance sheet is determined as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Net liability in the balance sheet	**4,377**	4,102
Experience adjustment (gains)/losses on plan liabilities	**(561)**	480

Movements in the liability recognised in the consolidated balance sheet are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Beginning of the year	**4,102**	3,621
Current service cost	**108**	55
Interest cost	**177**	138
Benefit paid	**(608)**	(1,311)
Actuarial loss on obligation	**598**	1,599
End of the year	**4,377**	4,102



19 RETIREMENT BENEFIT LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(c) Provision for long service payments *(Continued)*

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Current service cost	**108**	55
Interest cost	**177**	138
Total, included in employee benefit expense *(Note 32)*	**285**	193

Of the total charge, approximately HK$178,000 (2006: HK$9,000) and HK$107,000 (2006: HK$184,000) were included in cost of sales and administrative expenses, respectively.

The principal actuarial assumptions used are as follows:

	2007	2006
Discount rate	**4.25% p.a.**	4.5% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3.0% p.a.

The actuarial losses recognised in the consolidated statement of recognised income and expense was HK$598,000 (2006: HK$1,599,000).

The cumulative actuarial gains recognised in the consolidated statement of recognised income and expense was HK$2,661,000 (2006: HK$3,259,000).

20 DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Deferred tax assets to be recovered after 12 months	**12,647**	13,224
Deferred tax liabilities to be settled after 12 months	**(65,121)**	(64,158)
	(52,474)	(50,934)

Movements in net deferred tax liabilities are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Beginning of the year	**50,934**	15,017
Deferred taxation (credited)/charged to income statement *(Note 28)*	**(1,033)**	814
Acquisition of subsidiaries	**–**	34,080
Deferred taxation charged to equity	**2,573**	1,023
End of the year	**52,474**	50,934

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at 31st March, 2007, the Group has unrecognised tax losses of approximately HK$84,058,000 (2006: HK$63,202,000). Tax losses amounting to approximately HK$79,396,000 (2006: HK$58,675,000) will be expired up to year 2027, while the remaining balance can be carried forward indefinitely.

20 DEFERRED INCOME TAX *(Continued)*

The movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets:

	Group							
	Provisions		Tax losses		Others		Total	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Beginning of the year	**4,256**	3,394	**8,077**	1,295	**891**	891	**13,224**	5,580
Credited/(charged) to income statement	**2,180**	862	**(1,866)**	1,830	**(891)**	–	**(577)**	2,692
Acquisition of subsidiaries	**–**	–	**–**	4,952	**–**	–	**–**	4,952
End of the year	**6,436**	4,256	**6,211**	8,077	**–**	891	**12,647**	13,224

Deferred tax liabilities:

	Group											
	Accelerated taxation depreciation		Intangible assets		Fair value gains on investment properties		Actuarial gains of retirement benefit obligation		Others		Total	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Beginning of the year	**15,156**	13,681	**42,068**	3,036	**2,031**	–	**4,467**	3,444	**436**	436	**64,158**	20,597
Charged/(credited) to income statement	**1,025**	1,475	**(3,904)**	–	**1,269**	2,031	**–**	–	**–**	–	**(1,610)**	3,506
Acquisition of subsidiaries	**–**	–	**–**	39,032	**–**	–	**–**	–	**–**	–	**–**	39,032
Charged to equity	**–**	–	**–**	–	**38**	–	**2,535**	1,023	**–**	–	**2,573**	1,023
End of the year	**16,181**	15,156	**38,164**	42,068	**3,338**	2,031	**7,002**	4,467	**436**	436	**65,121**	64,158

21 TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**83,489**	71,924
31 – 60 days	**4,441**	3,412
61 – 90 days	**1,810**	892
Over 90 days	**5,001**	2,749
	94,741	78,977

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	Group	
	2007	2006
	HK$'000	*HK$'000*
HK dollar	**69,406**	62,451
Chinese Renminbi ("RMB")	**16,274**	9,235
US dollar	**4,426**	3,377
Canadian dollar	**4,635**	3,914
	94,741	78,977

22 SHARE CAPITAL

	Group and Company			
	2007		2006	
	Number of shares *'000*	**Nominal value *HK$'000***	Number of shares *'000*	Nominal value *HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each				
Beginning and end of the year	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
Beginning of the year	**540,810**	**54,081**	535,764	53,576
Shares issued under share option scheme *(Note 34)*	**5,124**	**512**	5,046	505
End of the year	**545,934**	**54,593**	540,810	54,081

23 RESERVES

(a) The Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange translation reserve HK$'000	Capital reserve HK$'000	Investment reserve HK$'000	Share based compensation reserve HK$'000	Contributed surplus HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2005, as previously reported	43,124	152,034	6,864	(2,470)	–	–	85,197	–	1,338,533	1,623,282
Actuarial gains of retirement benefit obligation upon the adoption of HKAS 19 (Amendment)	–	–	–	–	–	–	–	–	18,853	18,853
Deferred income tax effect on actuarial gains of retirement benefit obligation upon the adoption of HKAS 19 (Amendment)	–	–	–	–	–	–	–	–	(3,444)	(3,444)
At 1st April, 2005, as restated	43,124	152,034	6,864	(2,470)	–	–	85,197	–	1,353,942	1,638,691
Proceeds from shares issued	14,381	–	–	–	–	–	–	–	–	14,381
Acquisition of subsidiaries	–	–	–	23,549	–	–	–	–	–	23,549
Changes in fair value for available-for-sale financial assets	–	–	–	–	(8,875)	–	–	–	–	(8,875)
Actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	5,844	5,844
Deferred income tax effect on actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	(1,023)	(1,023)
Employees shares option scheme – value of employee services	–	–	–	–	–	3,449	–	–	–	3,449
Exchange differences arising on consolidation	–	–	(4,432)	–	–	–	–	–	–	(4,432)
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	319,853	319,853
Dividends	–	–	–	–	–	–	–	–	(162,125)	(162,125)
At 31st March, 2006	57,505	152,034	2,432	21,079	(8,875)	3,449	85,197	–	1,516,491	1,829,312

23 RESERVES *(Continued)*

(a) The Group *(Continued)*

	Share premium	Capital redemption reserve	Exchange translation reserve	Capital reserve	Investment reserve	Share based compensation reserve	Contributed surplus	Revaluation reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2006	57,505	152,034	2,432	21,079	(8,875)	3,449	85,197	–	1,516,491	1,829,312
Proceeds from shares issued	20,321	–	–	–	–	–	–	–	–	20,321
Changes in fair value for available-for-sale financial assets	–	–	–	–	7,408	–	–	–	–	7,408
Actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	14,488	14,488
Deferred income tax effect on actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	(2,535)	(2,535)
Employees shares option scheme – value of employee services	–	–	–	–	–	7,515	–	–	–	7,515
Release of share based compensation reserve to share premium upon share options exercised	1,417	–	–	–	–	(1,417)	–	–	–	–
Exchange differences arising on consolidation	–	–	5,763	–	–	–	–	–	–	5,763
Changes in fair value for transfer of property, plant and equipment and leasehold land and land use rights to investment properties, net of tax	–	–	–	–	–	–	–	180	–	180
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	370,067	370,067
Dividends	–	–	–	–	–	–	–	–	(310,645)	(310,645)
At 31st March, 2007	**79,243**	**152,034**	**8,195**	**21,079**	**(1,467)**	**9,547**	**85,197**	**180**	**1,587,866**	**1,941,874**

23 RESERVES *(Continued)*

(b) The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Share based compensation reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2005	43,124	152,034	–	94,467	203,741	493,366
Proceeds from shares issued	14,381	–	–	–	–	14,381
Employees shares option scheme – value of employee services	–	–	3,449	–	–	3,449
Profit attributable to equity holders of the Company	–	–	–	–	300,000	300,000
Dividends	–	–	–	–	(162,125)	(162,125)
At 31st March, 2006	57,505	152,034	3,449	94,467	341,616	649,071
At 1st April, 2006	57,505	152,034	3,449	94,467	341,616	649,071
Proceeds from shares issued	20,321	–	–	–	–	20,321
Employees shares option scheme – value of employee services	–	–	7,515	–	–	7,515
Release of share based compensation reserve to share premium upon share options exercised	1,417	–	(1,417)	–	–	–
Profit attributable to equity holders of the Company	–	–	–	–	300,001	300,001
Dividends	–	–	–	–	(310,645)	(310,645)
At 31st March, 2007	**79,243**	**152,034**	**9,547**	**94,467**	**330,972**	**666,263**

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

24 REVENUE

	2007 HK$'000	2006 HK$'000
Sales of food and beverages	**3,774,598**	3,370,946
Rental income	**30,729**	27,759
Royalty income	**43,081**	20,090
Management and service fee income	**3,459**	3,488
Franchise income	**3,745**	1,340
Sundry income	**29,539**	16,870
	3,885,151	3,440,493

25 OTHER GAINS, NET

	2007 HK$'000	2006 HK$'000
Fair value gains on financial assets at fair value through profit or loss	**1,990**	3,925
Gain/(loss) on disposals of:		
– Financial assets at fair value through profit or loss	**1,145**	4,060
– Available-for-sale financial assets	**–**	(5,781)
Fair value gains on investment properties	**7,250**	12,050
	10,385	14,254

26 EXPENSES BY NATURE

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

	2007 HK$'000	2006 HK$'000 (As restated)
Cost of raw materials and consumables used	**1,190,962**	1,061,873
Amortisation of leasehold land and land use rights	**6,704**	6,953
Amortisation of intangible assets (included in administrative expenses)	**10,359**	5,893
Depreciation of property, plant and equipment	**152,618**	137,436
Net loss on disposal of property, plant and equipment	**7,764**	4,834
Provision for impairment of property, plant and equipment	**7,790**	445
Operating leases rentals in respect of rented premises (including contingent rentals of HK$31,315,000 (2006: HK$27,652,000))	**429,092**	368,275
Exchange (gains)/losses, net	**(7,484)**	2,821
Employee benefit expense *(Note 32)*	**974,129**	858,214
Auditors' remuneration	**3,534**	2,788
Electricity, water and gas	**263,235**	247,138
Advertising and promotion expenses	**56,253**	56,421
Other expenses	**378,269**	310,572
	3,473,225	3,063,663
Representing:		
Cost of sales	**3,234,421**	2,903,642
Administrative expenses	**238,804**	160,021
	3,473,225	3,063,663

27 FINANCE INCOME AND COSTS

	2007 HK$'000	2006 HK$'000
Finance income – interest income	**34,859**	31,695
Finance costs – interest expense on bank loans and overdrafts	**(3,676)**	(4,695)
Net finance income	**31,183**	27,000

28 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2007 HK$'000	2006 HK$'000
Current income tax:		
– Hong Kong profits tax	**71,961**	65,043
– Overseas taxation	**12,557**	6,974
Deferred income tax (credited)/charged relating to the origination and reversal of temporary differences *(Note 20)*	**(1,033)**	814
(Over)/under-provision in prior years	**(646)**	200
	82,839	73,031

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2007 HK$'000	2006 HK$'000
Profit before income tax	**452,906**	392,884
Calculated at a taxation rate of 17.5% (2006: 17.5%)	**79,258**	68,755
Effect of different taxation rates in other countries	**(816)**	1,871
Income not subject to tax	**(10,781)**	(3,885)
Expenses not deductible for taxation purposes	**8,447**	6,063
Utilisation of previously unrecognised tax losses	**(11)**	(8)
Tax effect of share of results of associates	**314**	35
Tax losses not recognised	**7,074**	–
(Over)/under-provision in prior years	**(646)**	200
Tax charge	**82,839**	73,031

29 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$300,001,000 (2006: HK$300,000,000).

30 DIVIDENDS

	2007 ***HK$'000***	2006 *HK$'000*
Interim, paid, of 12 HK cents (2006: 10 HK cents) per ordinary share	**65,390**	54,027
Final, proposed, 30 HK cents (2006: 25 HK cents) per ordinary share	**164,791**	136,055
Special, proposed, Nil (2006: 20 HK cents) per ordinary share	**–**	108,844
	230,181	298,926

A final dividend of 30 HK cents per ordinary share in respect of 2006/07, amounting to a total final dividend of approximately HK$164,791,000 was proposed. The financial statements do not reflect this dividend payable.

31 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 year.

	2007	2006 (As restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**370,067**	319,853
Weighted average number of ordinary shares in issue *('000)*	**544,640**	539,963
Basic earnings per share *(HK cents per share)*	**67.95 HK cents**	59.24 HK cents

Diluted

Diluted earnings per share is calculated 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 done 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.

31 EARNINGS PER SHARE *(Continued)*

Diluted *(Continued)*

	2007	2006 (As restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**370,067**	319,853
Weighted average number of ordinary shares in issue *('000)*	**544,640**	539,963
Adjustments for share options *('000)*	**8,113**	7,050
	552,753	547,013
Diluted earnings per share *(HK cents per share)*	**66.95 HK cents**	58.47 HK cents

32 EMPLOYEE BENEFIT EXPENSE

(a) Employee benefit expenses during the year are as follows:

	2007 *HK$'000*	2006 *HK$'000* (As restated)
Wages, salaries and allowances	**904,175**	793,336
Discretionary bonuses	**27,392**	24,346
Pension costs		
– Defined contribution plans	**34,717**	35,201
– Defined benefit plan *(Note 19)*	**45**	1,689
– Long service payments *(Note 19)*	**285**	193
Share based compensation expenses	**7,515**	3,449
	974,129	858,214

32 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Directors' emoluments

The remuneration of each Director for the year ended 31st March, 2007 is set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to pension scheme	Share based compensation expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors						
Mr. Chan Yue Kwong, Michael	50	2,771	3,172	216	1,089	7,298
Mr. Lo Hoi Kwong, Sunny	50	1,756	5,086	141	1,089	8,122
Ms. Lo Pik Ling, Anita	50	446	1,529	52	–	2,077
Mr. Lo Tak Shing, Peter	50	563	63	12	–	688
Non-executive Directors						
Mr. Lo Tang Seong, Victor	50	–	–	–	–	50
Mr. Lo Hoi Chun	50	–	–	–	–	50
Mr. Hui Tung Wah, Samuel	50	–	–	–	–	50
Independent non-executive Directors						
Mr. Choi Ngai Min, Michael	100	–	–	–	–	100
Mr. Li Kwok Sing, Aubrey	100	–	–	–	–	100
Mr. Kwok Lam Kwong, Larry	100	–	–	–	–	100

32 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Directors' emoluments *(Continued)*

The remuneration of each Director for the year ended 31st March, 2006 is set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to pension scheme	Share based compensation expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors						
Mr. Chan Yue Kwong, Michael	50	2,737	2,132	213	500	5,632
Mr. Lo Hoi Kwong, Sunny	50	1,591	4,267	139	500	6,547
Ms. Lo Pik Ling, Anita	50	435	1,151	51	–	1,687
Mr. Lo Tak Shing, Peter	50	576	–	12	–	638
Non-executive Directors						
Mr. Lo Tang Seong, Victor	50	–	–	–	–	50
Mr. Lo Hoi Chun	50	–	–	–	–	50
Mr. Hui Tung Wah, Samuel	50	–	–	–	–	50
Independent non-executive Directors						
Mr. Choi Ngai Min, Michael	100	–	–	–	–	100
Mr. Li Kwok Sing, Aubrey	100	–	–	–	–	100
Mr. Kwok Lam Kwong, Larry	100	–	–	–	–	100

No director waived any emolument during the year.

32 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: three) directors whose emoluments are reflected in the analysis presented in *Note 32(b)*. The emoluments payable to the remaining two (2006: two) individuals during the year are as follows:

	2007 **HK$'000**	2006 HK$'000
Basic salaries, gratuities and other allowances	**702**	689
Discretionary bonuses	**1,014**	789
Contributions to pension schemes	**82**	80
	1,798	1,558

The emoluments fell within the following bands:

	Number of individuals	
	2007	2006
Nil to HK$1,000,000	**1**	2
HK$1,000,000 to HK$2,000,000	**1**	–

(d) No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director or the five highest paid individuals during the year.

33 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before income tax to net cash inflow generated from operations

	2007	2006
	HK$'000	*HK$'000*
		(As restated)
Profit before income tax	**452,906**	392,884
Adjustments for:		
– Finance costs	**3,676**	4,695
– Finance income	**(34,859)**	(31,695)
– Depreciation of property, plant and equipment	**152,618**	137,436
– Amortisation of leasehold land and land use rights	**6,704**	6,953
– Amortisation of intangible assets	**10,359**	5,893
– Fair value gains on investment properties	**(7,250)**	(12,050)
– Fair value gains on financial assets at fair value through profit or loss	**(1,990)**	(3,925)
– Gain on disposal of financial assets at fair value through profit or loss	**(1,145)**	(4,060)
– Loss on disposal of available-for-sale financial assets	**–**	5,781
– Net loss on disposals of property, plant and equipment	**7,764**	4,834
– Amortisation of share based compensation expenses	**7,515**	3,449
– Provision for impairment of property, plant and equipment	**7,790**	445
– Share of profit of associates	**(2,269)**	(2,663)
– Share of results of jointly controlled entities	**2,857**	27,863
Operating profit before working capital changes	**604,676**	535,840
Changes in working capital:		
– Inventories	**(5,405)**	(2,256)
– Prepayments, deposits and other current assets	**(35,598)**	(33,560)
– Trade and other receivables	**3,965**	(3,396)
– Trade payables	**15,764**	750
– Other creditors and accrued liabilities	**42,427**	32,360
– Non-current deposits	**(7,356)**	(12,357)
– Retirement benefit assets	**(4,407)**	(3,034)
– Provision for long service payments	**(323)**	(1,118)
Cash generated from operations	**613,743**	513,229

33 CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2007 **HK$'000**	2006 HK$'000
Net book amount *(Note 7)*	**8,794**	6,531
Loss on sale of property, plant and equipment	**(7,764)**	(4,834)
Proceeds from sale of property, plant and equipment	**1,030**	1,697

34 SHARE OPTIONS

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

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders' resolution for 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 5 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.

34 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

Grant date	Exercise period	Exercise price *HK$*	Beginning of the year *'000*	Exercised *'000*	Cancelled *'000*	End of the year *'000*
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	9,804	(4,138)	–	5,666
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	4,000	–	–	4,000
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	10,600	(986)	(800)	8,814
			24,404	(5,124)	(800)	18,480

Out of the 18,480,000 outstanding options (2006: 24,404,000), 2,070,000 options (2006: 274,000) were exercisable. The related weighted average share price at the time of exercise was HK$13.39 (2006: HK$9.17) per share.

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

At 31st March, 2007, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Land and buildings		
– Not later than one year	**444,202**	360,452
– Later than one year and not later than five years	**786,010**	655,842
– Later than five years	**139,895**	102,340
	1,370,107	1,118,634

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rentals payable, if any, when turnover of individual restaurants exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

The Company did not have any operating lease commitments at 31st March, 2007 and 31st March, 2006.

(b) Capital commitments

As at 31st March, 2007, the Group had the following capital commitments:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**12,858**	10,468
Authorised but not contracted for	**118,942**	120,717
	131,800	131,185

36 FINANCIAL GUARANTEES

As at 31st March, 2007, the Company has given guarantees totalling approximately HK$836,000,000 (2006: HK$836,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

37 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2007, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Not later than one year	**31,946**	24,484
Later than one year and not later than five years	**25,294**	9,822
	57,240	34,306

The Company did not have any future operating lease receipts as at 31st March, 2007 and 31st March, 2006.

38 RELATED PARTY TRANSACTIONS

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

	2007	2006
	HK$'000	*HK$'000*
Operating lease rentals paid to related parties:		
– Tinway Investments Limited *(Note a)*	**2,112**	1,656
– LBK Holding Corporation *(Note b)*	**–**	392

(a) 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.

(b) LBK Holding Corporation is controlled by the associates of Mr. Lo Hoi Chun, a non-executive director of the Company.

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

38 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

	2007 **HK$'000**	2006 HK$'000
Salaries and allowances	**7,172**	6,917
Directors' fees	**200**	200
Discretionary bonuses	**10,728**	8,219
Contributions to pension schemes	**607**	596
Share based compensation expenses	**2,178**	1,000
	20,885	16,932

Principal Properties held for Investment Purposes

Description	Lot number	Type	Lease term
Portion A & C of Shop No. N95 on the 1st Floor, Nos. 1-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, Mei Foo Sun Chuen, Lai Chi Kok, Kowloon	New Kowloon Inland Lot No. 5086	Shop	Medium-term
Shop F14 on the 1st Floor, Saddle Ridge Garden, No. 6 Kam Ying Road, Ma On Shan, Shatin, New Territories	Sha Tin Town Lot No. 352	Shop	Medium-term
Flat D on the Ground Floor and Flats B, C and D on the Mezzanine Floor, San Loong House, Nos. 25-37 Tung Yan Street and Nos. 55-57 Hip Wo Street, Kwun Tong, Kowloon	Kwun Tong Inland Lot No. 336	Shop	Medium-term
Rear Portion of Shop No.3 on the Ground Floor, Cheong Yiu Building, Nos. 167, 171 and 173 Castle Peak Road and Nos. 47-51 Shiu Wo Street, Tsuen Wan, New Territories	Tsuen Wan Town Lot No. 223	Shop	Medium-term
Shop C of Portion B on the Basement, Argyle Centre, Phase 1, No. 688 Nathan Road and No. 65 Argyle Street, Mongkok, Kowloon	Kowloon Inland Lot No. 1262	Shop	Long-term
Shop D & Portion of Shop B on the Ground Floor, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Inland Lot No. 8423	Shop	Long-term

Independent Auditor's Report

TO THE SHAREHOLDERS OF CAFÉ DE CORAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Café de Coral Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 48 to 126, which comprise the consolidated and the Company balance sheets as at 31st March, 2007, and the consolidated income statement, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10th July, 2007

Five-Year Summary

CONSOLIDATED INCOME STATEMENTS

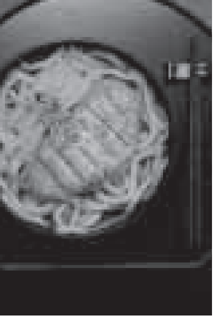
For the five years ended 31st March, 2007

	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(As restated)			
Revenue/Turnover	**3,885,151**	3,440,493	3,038,498	2,723,295	2,621,547
Cost of sales	**(3,234,421)**	(2,903,642)	(2,568,071)	(2,302,148)	(2,235,220)
Gross profit	**650,730**	536,851	470,427	421,147	386,327
Other gains/income, net	**10,385**	14,254	20,699	18,860	23,541
Administrative expenses	**(238,804)**	(160,021)	(135,440)	(117,319)	(126,595)
Operating profit	**422,311**	391,084	355,686	322,688	283,273
Finance income	**34,859**	31,695	19,449	13,075	19,244
Finance costs	**(3,676)**	(4,695)	(1,061)	(237)	(9,485)
Share of profit of associates	**2,269**	2,663	2,645	1,471	526
Share of loss of jointly controlled entities	**(2,857)**	(27,863)	(25,205)	(23,628)	(5,456)
Profit before income tax	**452,906**	392,884	351,514	313,369	288,102
Income tax expense	**(82,839)**	(73,031)	(65,793)	(55,295)	(45,290)
Profit attributable to equity holders of the Company	**370,067**	319,853	285,721	258,074	242,812
Dividends	**230,181**	298,926	148,141	199,284	129,940
Basic earnings per share	**67.95 HK cents**	59.24 HK cents	53.38 HK cents	48.62 HK cents	44.76 HK cents
Diluted earnings per share	**66.95 HK cents**	58.47 HK cents	52.45 HK cents	47.66 HK cents	43.87 HK cents

CONSOLIDATED BALANCE SHEETS

For the five years ended 31st March, 2007

	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(As restated)			
ASSETS					
Non-current assets					
Leasehold land and land use rights	**308,788**	338,976	345,929	–	–
Property, plant and equipment	**491,978**	468,396	414,057	769,637	796,224
Investment properties	**155,200**	122,450	110,400	106,700	104,900
Intangible assets	**213,068**	223,427	18,452	21,289	22,754
Investments in associates	**4,357**	4,188	2,205	1,180	838
Investments in jointly controlled entities	**32,195**	30,260	65,873	63,597	28,257
Available-for-sale financial assets/ investments	**267,398**	173,106	216,183	170,557	92,336
Held-to-maturity investments	**8,837**	5,466	–	–	–
Deferred income tax assets	**12,647**	13,224	5,580	5,358	3,769
Non-current deposits	**107,079**	99,723	1,178	1,657	–
Retirement benefit assets	**31,736**	12,243	–	–	–
	1,633,283	1,491,459	1,179,857	1,139,975	1,049,078
Current assets					
Inventories	**74,413**	69,008	64,728	50,994	52,966
Trade and other receivables	**44,145**	48,110	36,116	29,541	26,586
Prepayments, deposits and other current assets	**87,811**	52,213	111,786	113,459	103,870
Short-term investments	**–**	–	87,488	24,722	7,365
Financial assets at fair value through profit or loss	**98,720**	93,011	–	–	–
Cash and cash equivalents	**546,655**	559,506	524,989	473,243	733,281
	851,744	821,848	825,107	691,959	924,068
Total assets	**2,485,027**	2,313,307	2,004,964	1,831,934	1,973,146



Five-Year Summary

	2007 **HK$'000**	2006 *HK$'000* (As restated)	2005 *HK$'000*	2004 *HK$'000*	2003 *HK$'000*
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	**65,121**	64,158	17,153	15,435	15,728
Provision for long service payments	**4,377**	4,102	–	–	–
	69,498	68,260	17,153	15,435	15,728
Current liabilities					
Short-term borrowings	**–**	–	–	10,000	220,000
Trade payables	**94,741**	78,977	73,399	62,087	61,365
Other creditors and accrued liabilities	**300,463**	258,036	215,230	183,953	198,796
Current income tax liabilities	**23,858**	24,641	22,324	12,126	14,109
	419,062	361,654	310,953	268,166	494,270
Total liabilities	**488,560**	429,914	328,106	283,601	509,998
EQUITY					
Share capital	**54,593**	54,081	53,576	53,119	53,364
Other reserves	**354,008**	312,821	284,749	273,655	282,720
Retained earnings	**1,587,866**	1,516,491	1,338,533	1,221,559	1,127,064
Total equity	**1,996,467**	1,883,393	1,676,858	1,548,333	1,463,148
Total equity and liabilities	**2,485,027**	2,313,307	2,004,964	1,831,934	1,973,146

Note: The Group adopted HKAS19 Amendment for the years ended 31st March, 2007. Figures as at and for the year ended 31st March, 2006 have been restated as required. Figures as at and for each of years ended 31st March, 2003, 2004, 2005 have not been adjusted and it is not practicable to restate earlier years for comparison purposes.

Café de Coral 大家樂

大家樂見