



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



Interim Report 中期報告

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>



HIGHLIGHTS

- **Half-year double digit profit growth reaching record high of HK\$175 million.**
- **Recognized as “PRC Consumer’s Most Favourable Hong Kong Brand” and “2007 Service Retailer of the Year”.**
- **HK\$300 million investment in new central food processing plants both in Hong Kong and China.**
- **Establish presence at major international airports in Shenzhen, Zhuhai, Chicago, Dallas, New York, and Hong Kong International Airport.**
- **Return on investment in “Tao Heung” with attractive dividend yield and capital appreciation.**



Chairman's Statement

I am glad to report that the Group achieved another encouraging interim results for the six months ended 30th September, 2007. Turnover and profit attributable to shareholders reached HK\$2.09 billion and HK\$175 million, both representing another period of double-digit growth of 10.2% and 15.6% respectively as compared last year.

In recognition of the long term support of our shareholders, the Board resolved to distribute an interim dividend of 15 HK cents per share to shareholders whose names appear on the register of members of the Company on 3rd January, 2008, representing an increase of 25% over that of last year.

HONG KONG BUSINESS PLATFORM

In the period under review, it was gratifying to witness that the performance of our core businesses in Hong Kong recorded a solid growth amid the ever-increasingly competitive landscape in this territory. Both our **Café de Coral** and **The Spaghetti House** in Hong Kong achieved a double digit growth in operating profit against the operating pressure of rising labour and raw material costs. Other than the contribution from the new outlets, much of the growth was, in fact, derived from our dedicated effort in marketing initiatives, product mix and enhancing business and operating efficiencies which, altogether, resulted in encouraging volume increase and margin improvement.

Our strong branding power was recognized by the recent award of “2007 Top Service Awards” to our **Café de Coral** and the “Certificate Award for the Best Brand Enterprise” and the “2007 Service Retailer of the Year” to our **The Spaghetti House**, both of which are indeed testaments of our brand preference among the dining public in Hong Kong. Furthermore, our **Café de Coral** once again won the applause among the mainland visitors by claiming the Gold Award as “PRC Consumer's Most Favourable Hong Kong Brand” which ultimately translated to our business competitiveness in brand building and customer loyalty.

Other than our core businesses, **Luncheon Star** raised its bar on its quality standard in April, 2007 with the accreditation of ISO22000, being the strictest food safety system in the industry in addition to its two other quality recognitions, namely ISO9001 and HACCP. With the vote of confidence from parent and teachers, **Luncheon Star** now firmly secures its market leading position in the school catering arena.

As I reported to you in the last annual report, we decided to devote more resources on our back up infrastructure, including searching for suitable sites to establish new central food processing plants both in Hong Kong and in the Pearl River Delta Region, in order to cope with the fast growing business at these strategic markets of great potentials. I am glad to report that we have procured a suitable site at the Tai Po Industrial Estate, Hong Kong for developing it into another central food processing plant of the Group in Hong Kong. The capital expenditure involved is expected in the region of HK\$200 million. Upon completion by middle of 2010, we plan to transfer our existing central food processing facilities in Fo Tan, Shatin to this new processing plant, thereby freeing the necessary space in Fo Tan plant for the future expansion of **Luncheon Star**. The strategic relocation not only further enhances our productivity and operating efficiency, it also safeguards the quality assurance and food safety standards in all our products.

PRC BUSINESS PLATFORM

In Southern China, our proactive expansion initiative of **Café de Coral** continues. Notwithstanding that the Central Government introduced certain austerity measures to cool down the property market, it did not hamper our rapid pace of development. As at today, there are 36 operating units of this branded restaurant in the region, an increase of 7 units from the beginning of this financial year, covering almost all the key first-tier and second-tier cities in the Pearl River Delta region. Among these new openings, two of which were strategically located at the Shenzhen Airport and the Zhuhai Airport which, we believe, would have significant strategic value for our future expansion in major transportation hubs in China.



Chairman's Statement

As a long term strategy to back up the fast growing business in Southern China region, we acquired a parcel of land of 30,000 square meters at the Guangzhou Development District, China in November, 2007, aiming to develop it into a new central food processing plant. The capital expenditure involved for the project is expected in the region of HK\$120 million and the new factory plant is expected to commence production by the late 2009. Once completed, our production capacity in Southern China would be greatly enhanced and the new factory plant would also act as our permanent training centre to the ever growing demand of our frontline staff.

In Eastern China, I am glad to report that the business performance of the chain, **New Asia Dabao**, finally turned around with profits for the months under review. The profit-making of the chain, **New Asia Dabao**, is not a coincidence but a result of years of dedicated effort in adopting various value-added business improvement initiative. Notwithstanding however that we were still in the progress of establishing **Café de Coral** presence in the region, there remain certain teething challenges to establish a relatively unknown brand in this part of the region, and naturally certain preliminary development expenses were incurred. We adhere and remain confident to our dual-brands market penetration strategy in capturing the sizeable market potential of the Yangtze River Delta Region development platform.

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NORTH AMERICA BUSINESS PLATFORM

Across the Ocean, since acquiring the remaining interests in **Manchu Wok** in October, 2005, we adopted various value-added initiative to rationalize the cost structure of this sizeable business platform, resulting in substantial savings in business overheads.

Other than the necessary consolidation, we commenced our business development program by focusing on the development opportunities at non-traditional areas such as casinos, airports and military bases. Our presence in various renowned airports in North America, such as Chicago O'Hare Airport, Dallas Fort Worth International Airport and JFK International Airport, exemplified our effort in pursuing this development strategy. As a result, **Manchu Wok** was able to strengthen its branding power in this sizable market.



LOOKING AHEAD

The buoyant stock and property markets in Hong Kong brought us challenges and opportunities. With the successful listing of "Tao Heung" in June, 2007, our strategic investment in this leading Chinese restaurant group has returned us with attractive dividend income as well as capital appreciation due to its reputable image with the investing public.

As reported, since acquiring the 6,500 sq feet property in Admiralty, we are now going through a major restructuring of the premises to turn it into a restaurant court, planning to house our own reputable restaurant brands at this strategic location. We believe such move would not only help to generate constant rental income stream to the Group but more importantly, to provide a haven for our many restaurants at this very important catchment area of the central business district.

In respect of all the other business platforms in the Greater China region and overseas, it is the Group's objective to unlock their vast potential in the not too distant future, turning them to become meaningful profit contributors to the Group in their own rights. In the second half of the year, we are confident that our shareholders would recognize our effort made for enhancing the shareholders' value and our commitment in delivering quality services to our customers.

By Order of the Board
Chan Yue Kwong, Michael
Chairman

Hong Kong, 11th December, 2007



Other Information

INTERIM DIVIDEND

In acknowledging continuous supports from our shareholders, the Directors have declared the payment of an interim dividend of 15 HK cents (2006: 12 HK cents) per share in respect of the year ending 31st March, 2008, payable on 11th January, 2008 to those persons registered as shareholders on 3rd January, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3rd January, 2008 (Thursday) to 4th January, 2008 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2nd January, 2008.

HUMAN RESOURCES

As at 30th September, 2007, the Group (other than associated companies and jointly controlled entities) employed approximately 13,000 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. With a unique Share Option Scheme together with profit sharing bonus and performance incentive system, employees were entitled to share in the growth of the Group.

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



FINANCIAL REVIEW

The Group's financial position, as at 30th September, 2007, continues to be very strong, with a net cash of close to about HK\$661 million and available banking facilities of HK\$836 million.

As at 30th September, 2007, the Group did not have any external borrowing (31st March, 2007: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2007: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2007.

As at 30th September, 2007, the Company has given guarantees totaling approximately HK\$836,000,000 (31st March, 2007: HK\$836,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

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

Other Information

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

As at 30th September, 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 of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) were as follows:

Interests in Shares and Underlying Shares of the Company

Director	Note	Number of ordinary shares (long position)					Total interests	% of total issued Shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Equity derivatives (Note (g))		
Mr. Lo Hoi Kwong, Sunny	(a) & (b)	4,620,000	-	-	88,539,394	2,000,000	95,159,394	17.28%
Mr. Lo Tak Shing, Peter	(c)	210,000	-	-	87,626,213	70,000	87,906,213	15.96%
Mr. Lo Hoi Chun	(d)	132,000	-	-	67,880,834	-	68,012,834	12.35%
Ms. Lo Pik Ling, Anita	(a)	8,936,339	-	-	51,156,000	400,000	60,492,339	10.98%
Mr. Chan Yue Kwong, Michael	(a) & (e)	4,621,407	1,189,400	-	51,156,000	2,000,000	58,966,807	10.71%
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		-	-	-	-	-	-	-



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 (renamed to RBC Trustees (C) 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 scheme(s) to subscribe for shares of the Company, further details of which are set out in the section “Share Option Schemes”.

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

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

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 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:

Name of shareholder	Note	Number of ordinary shares (long position)					% of total issued Shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Total interests	
GZ Trust Corporation	(a)	-	-	-	119,036,834	119,036,834	21.61%
Wandels Investment Limited	(b)	-	-	-	87,626,213	87,626,213	15.91%
Sky Bright International Limited	(b)	-	-	-	87,626,213	87,626,213	15.91%
Verdant Success Holdings Limited	(b)	-	-	-	87,626,213	87,626,213	15.91%
Royal Bank of Canada Trustees Limited (renamed to RBC Trustees (CI) Limited)	(b)	-	-	-	87,626,213	87,626,213	15.91%
Mr. Man Tak Wah	(c)	-	60,492,339	-	-	60,492,339	10.98%
NKY Holding Corporation	(d)	-	-	-	51,156,000	51,156,000	9.29%
Ms. Tso Po Ping	(e)	-	44,003,394	-	-	44,003,394	7.99%
Ardley Enterprises Limited	(f)	-	-	-	37,383,394	37,383,394	6.79%
Ms. Man Bo King	(g)	-	36,101,133	-	-	36,101,133	6.56%
LBK Holding Corporation	(h)	-	-	-	35,969,133	35,969,133	6.53%
MMW Holding Corporation	(i)	-	-	-	31,911,701	31,911,701	5.79%
Matthews International Capital Management, LLC	(j)	38,923,200	-	-	-	38,923,200	7.07%



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 (renamed to RBC Trustees (CI) 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 2,000,000 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.



Other Information

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

Save as disclosed above, as at 30th September, 2007, the Directors are not aware of any other persons (other than a Director or chief executive of the Company) who have interests or short positions in the shares, underlying shares of equity derivatives of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTION SCHEMES

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

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



Details of the share options outstanding as at 30th September, 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, 2007	Granted during the period	Options exercised during the period	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 30th September, 2007
Executive Directors							
Mr. Chan Yue Kwong,	4/11/1999 ^(a)	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)	140,000	-	(70,000)	-	-	70,000
Continuous contract employees							
	4/11/1999 ^(a)	4,226,000	-	(3,478,000)	-	(40,000)	708,000
	1/11/2005 ^(b)	8,814,000	-	(332,000)	-	-	8,482,000
		<u>18,480,000</u>	<u>-</u>	<u>(4,780,000)</u>	<u>-</u>	<u>(40,000)</u>	<u>13,660,000</u>

Notes:

- (a) The share options were granted under the Previous Scheme.
- (b) The 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 period was HK\$14.03 where in respect of the category of "Continuous contract employees", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$14.38.
- (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 period was HK\$14.64.



Other Information

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 period.

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

During the six months period ended 30th September, 2007, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code Provisions”) as set out in Appendix 14 of the Listing Rules, except for the deviation from the Code Provision A.2.1:

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Code Provision A.2.1

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

Mr. Chan Yue Kwong, Michael assumes the roles of Chairman and Chief Executive Officer of the Group. The Board considers that, given the current corporate structure, there is no separation between the roles of Chairman and Chief Executive Officer. Although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board and appropriate Board committees. There are 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.

Management has taken note of the external consultant’s recommendations made in the year 2006/07, aiming at further strengthening the Group’s internal control on continual process. Actions are in progress in accordance with the established timelines in the year 2007/08.



MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors (the “Code”). The Company, having made specific enquiry of all Directors, confirms that its Directors had complied with the required standard set out in the Code during the six months ended 30th September, 2007.

AUDIT COMMITTEE

The Company has established an audit committee which currently consists of three independent non-executive directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the committee’s principal duties is to review and supervise the Company’s financial reporting process and internal controls (including the review of the unaudited interim financial statements for the six months ended 30th September, 2007).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th September, 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company’s listed securities.



Condensed Consolidated Balance Sheet

As at 30th September, 2007

	Note	As at 30th September, 2007 HK\$'000 (Unaudited)	As at 31st March, 2007 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	540,420	491,978
Leasehold land and land use rights	5	276,779	308,788
Investment properties	5	217,800	155,200
Intangible assets	5	246,889	213,068
Available-for-sale financial assets	6	454,081	267,398
Held-to-maturity investments		1,022	8,837
Investment in associates	7	5,465	4,357
Investment in jointly controlled entities	8	32,365	32,195
Non-current deposits		114,508	107,079
Deferred income tax assets		14,526	12,647
Retirement benefit assets		34,479	31,736
		1,938,334	1,633,283
Current assets			
Inventories		97,475	74,413
Trade and other receivables	9	50,581	44,145
Prepayments, deposits and other current assets		126,873	87,811
Financial assets at fair value through profit or loss	11	141,712	98,720
Cash and cash equivalents		660,595	546,655
		1,077,236	851,744
Total assets		3,015,570	2,485,027

Condensed Consolidated Balance Sheet *(Continued)*

As at 30th September, 2007



	Note	As at 30th September, 2007 HK\$'000 (Unaudited)	As at 31st March, 2007 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		74,053	65,121
Provision for long service payments		4,563	4,377
		<u>78,616</u>	<u>69,498</u>
Current liabilities			
Trade payables	10	115,410	94,741
Other creditors and accrued liabilities		373,173	300,463
Current income tax liabilities		39,496	23,858
		<u>528,079</u>	<u>419,062</u>
Total liabilities		<u>606,695</u>	<u>488,560</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	12	55,071	54,593
Reserves (including interim dividend proposed of HK\$82,622,000; 31st March, 2007: final dividends proposed of HK\$164,791,000)	21	2,353,804	1,941,874
Total equity		<u>2,408,875</u>	<u>1,996,467</u>
Total equity and liabilities		<u>3,015,570</u>	<u>2,485,027</u>
Net current assets		<u>549,157</u>	<u>432,682</u>
Total assets less current liabilities		<u>2,487,491</u>	<u>2,065,965</u>

The notes on pages 23 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30th September, 2007

	Note	Six months ended 30th September,	
		2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Revenue	14	2,085,381	1,892,717
Cost of sales		(1,782,055)	(1,616,259)
Gross profit		303,326	276,458
Administrative expenses		(112,219)	(107,643)
Other gain, net	15	3,301	1,774
Operating profit	16	194,408	170,589
Finance income	17	17,687	17,277
Finance costs	17	(134)	(803)
		211,961	187,063
Share of profit/(loss) of			
– Associated companies		1,228	560
– Jointly controlled entities		(368)	(2,937)
Profit before income tax		212,821	184,686
Income tax expense	18	(37,723)	(33,214)
Profit attributable to equity holders of the Company		175,098	151,472
Earnings per share for profit attributable to the equity holders of the Company, expressed in HK cents per share			
– Basic	19	31.88 HK cents	28.00 HK cents
– Diluted	19	31.53 HK cents	27.61 HK cents
Dividends	20	82,622	65,390

The notes on pages 23 to 46 are an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended 30th September, 2007

	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Exchange differences arising from consolidation	23,647	(2,727)
Fair value gains, net of tax:		
– available-for-sale financial assets	195,281	5,813
Net income recognised directly in equity	218,928	3,086
Profit for the period	175,098	151,472
Total recognised income for the period	394,026	154,558
Attributable to:		
– Equity holders of the Company	394,026	154,558

The notes on pages 23 to 46 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September, 2007

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	285,557	277,955
Net cash used in investing activities	(190,674)	(89,842)
Net cash generated from/(used in) financing activities	16,015	(233,140)
Net increase/(decrease) in cash and cash equivalents	110,898	(45,027)
Cash and cash equivalents, beginning of the period	546,655	559,506
Effect of foreign exchange rate changes	3,042	(3,709)
Cash and cash equivalents, end of the period	660,595	510,770

The notes on pages 23 to 46 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Financial Information



1 GENERAL INFORMATION

Café de Coral Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) 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 Count, 22 Victoria Street, Hamilton HM 12, Bermuda.

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

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

The condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK\$’000) unless otherwise stated. This report has been approved for issue by the Board of Directors on 11th December, 2007.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30th September, 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated interim financial information should be read in conjunction with the 2007 annual financial statements for the year ended 31st March, 2007.



Notes to the Condensed Consolidated Financial Information (Continued)

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the annual financial information for the year ended 31st March, 2007.

The following new standards, amendments to standards and interpretations are mandatory and relevant for financial year ending 31st March, 2008:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group's interim results and financial position.

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The following new standards, amendments to standards and interpretations, which are relevant to the Group, have been issued but are not effective for the financial year ending 31st March, 2008 and have not been early adopted by the Group:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Notes to the Condensed Consolidated Financial Information (Continued)



4 SEGMENT INFORMATION

(i) Primary reporting format – geographical segments

The Group's business activities are conducted predominantly in Hong Kong, Mainland China and North America.

The segment results for the six months ended 30th September, 2007 are as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Segment revenues				
Total segment revenue	1,751,523	203,913	161,605	2,117,041
Inter-segment revenue	(569)	(31,091)	-	(31,660)
Revenue	<u>1,750,954</u>	<u>172,822</u>	<u>161,605</u>	<u>2,085,381</u>
Segment results	<u>184,994</u>	<u>16,781</u>	<u>(7,367)</u>	194,408
Finance income	17,094	471	122	17,687
Finance costs	-	(134)	-	(134)
Share of profit of associates	1,228	-	-	1,228
Share of loss of jointly controlled entities	-	(368)	-	(368)
Profit before income tax				212,821
Income tax expense				<u>(37,723)</u>
Profit attributable to the equity holders of the Company				<u>175,098</u>

Notes to the Condensed Consolidated Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

(i) Primary reporting format – geographical segments (Continued)

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2007 are as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Depreciation	59,071	8,740	5,886	73,697
Amortisation of intangible assets	1,351	-	4,280	5,631
Amortisation of leasehold land and land use rights	2,498	721	-	3,219
(Gain)/loss on disposal of property, plant and equipment	<u>(2,925)</u>	<u>(45)</u>	<u>887</u>	<u>(2,083)</u>

Notes to the Condensed Consolidated Financial Information (Continued)



4 SEGMENT INFORMATION (Continued)

(i) Primary reporting format – geographical segments (Continued)

The segment assets and liabilities at 30th September, 2007 and capital expenditure for the six months ended 30th September, 2007 are as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Segment assets	1,752,470	301,340	312,589	2,366,399
Associated companies	5,465	-	-	5,465
Jointly controlled entities	-	32,365	-	32,365
	<u>1,757,935</u>	<u>333,705</u>	<u>312,589</u>	<u>2,404,229</u>
Unallocated assets				<u>611,341</u>
Total assets				<u>3,015,570</u>
Segment liabilities	<u>387,659</u>	<u>55,100</u>	<u>50,387</u>	493,146
Unallocated liabilities				<u>113,549</u>
Total liabilities				<u>606,695</u>
Capital expenditure	<u>141,074</u>	<u>28,339</u>	<u>13,014</u>	<u>182,427</u>

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.

Notes to the Condensed Consolidated Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

(i) Primary reporting format – geographical segments (Continued)

Capital expenditure comprises additions to leasehold land and land use rights, property, plant and equipment, investment properties and intangible assets.

The segment results for the six months ended 30th September, 2006 are as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Segment revenues				
Total segment revenue	1,617,967	152,431	151,535	1,921,933
Inter-segment revenue	(674)	(28,542)	–	(29,216)
Revenue	<u>1,617,293</u>	<u>123,889</u>	<u>151,535</u>	<u>1,892,717</u>
Segment results	<u>163,947</u>	<u>16,288</u>	<u>(9,646)</u>	170,589
Finance income	16,625	590	62	17,277
Finance costs	(803)	–	–	(803)
Share of profit of associates	560	–	–	560
Share of loss of jointly controlled entities	–	(2,937)	–	(2,937)
Profit before income tax				184,686
Income tax expense				<u>(33,214)</u>
Profit attributable to the equity holders of the Company				<u>151,472</u>

Notes to the Condensed Consolidated Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

(i) Primary reporting format – geographical segments (Continued)

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2006 are as follows:

	Hong Kong HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Depreciation	62,553	8,300	6,617	77,470
Amortisation of intangible assets	1,351	–	3,829	5,180
Amortisation of leasehold land and land use rights	2,893	107	–	3,000
Impairment of trade receivables	–	–	242	242
Loss on disposal of property, plant and equipment	2,129	–	–	2,129

Notes to the Condensed Consolidated Financial Information (Continued)

4 SEGMENT INFORMATION (Continued)

(i) Primary reporting format – geographical segments (Continued)

The segment assets and liabilities at 31st March, 2007 and capital expenditure for the six months ended 30th September, 2006 are as follows:

	Hong Kong HK\$'000 (Audited)	Mainland China HK\$'000 (Audited)	North America HK\$'000 (Audited)	Group HK\$'000 (Audited)
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
	<u>1,522,907</u>	<u>291,159</u>	<u>283,359</u>	<u>2,097,425</u>
Unallocated assets				<u>387,602</u>
Total assets				<u><u>2,485,027</u></u>
Segment liabilities	<u>321,040</u>	<u>38,472</u>	<u>40,069</u>	399,581
Unallocated liabilities				<u>88,979</u>
Total liabilities				<u><u>488,560</u></u>
Capital expenditure (Unaudited)	<u>87,647</u>	<u>17,724</u>	<u>3,724</u>	<u>109,095</u>

(ii) 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.

Notes to the Condensed Consolidated Financial Information (Continued)



5 CAPITAL EXPENDITURE

	Intangible assets		Total intangible assets HK\$'000 (Unaudited)	Investment properties HK\$'000 (Unaudited)	Property, plant and equipment HK\$'000 (Unaudited)	Leasehold land and land use rights HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
	Goodwill	Trademark					
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)					
At 1st April, 2006							
Cost/Valuation	103,551	173,117	276,668	122,450	1,549,698	422,856	2,371,672
Accumulated depreciation/ amortisation	-	(53,241)	(53,241)	-	(1,081,302)	(83,880)	(1,218,423)
Net book amount	<u>103,551</u>	<u>119,876</u>	<u>223,427</u>	<u>122,450</u>	<u>468,396</u>	<u>338,976</u>	<u>1,153,249</u>
Period ended 30th September, 2006							
Opening net book amount	103,551	119,876	223,427	122,450	468,396	338,976	1,153,249
Additions	-	-	-	-	109,095	-	109,095
Depreciation/ amortisation expense	-	(5,180)	(5,180)	-	(77,470)	(3,000)	(85,650)
Disposals	-	-	-	-	(2,146)	-	(2,146)
Exchange differences	-	-	-	-	982	-	982
Provision for impairment	-	-	-	-	(1,000)	-	(1,000)
Closing net book amount	<u>103,551</u>	<u>114,696</u>	<u>218,247</u>	<u>122,450</u>	<u>497,857</u>	<u>335,976</u>	<u>1,174,530</u>
At 30th September, 2006							
Cost/Valuation	103,551	173,117	276,668	122,450	1,635,315	422,856	2,457,289
Accumulated depreciation/ amortisation	-	(58,421)	(58,421)	-	(1,137,458)	(86,880)	(1,282,759)
Net book amount	<u>103,551</u>	<u>114,696</u>	<u>218,247</u>	<u>122,450</u>	<u>497,857</u>	<u>335,976</u>	<u>1,174,530</u>

Notes to the Condensed Consolidated Financial Information (Continued)

5 CAPITAL EXPENDITURE (Continued)

	Intangible assets		Total intangible assets HK\$'000 (Unaudited)	Investment properties HK\$'000 (Unaudited)	Property, plant and equipment HK\$'000 (Unaudited)	Leasehold land and land use rights HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
	Goodwill	Trademark					
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)					
Period ended							
30th September, 2007							
Opening net							
book amount	103,551	109,517	213,068	155,200	491,978	308,788	1,169,034
Additions	-	-	-	62,600	119,827	-	182,427
Depreciation/ amortisation							
expense	-	(5,631)	(5,631)	-	(73,697)	(3,219)	(82,547)
Disposals	-	-	-	-	(2,188)	(28,864)	(31,052)
Exchange							
differences	20,362	19,090	39,452	-	4,500	74	44,026
	<u>123,913</u>	<u>122,976</u>	<u>246,889</u>	<u>217,800</u>	<u>540,420</u>	<u>276,779</u>	<u>1,281,888</u>
Closing net							
book amount	<u>123,913</u>	<u>122,976</u>	<u>246,889</u>	<u>217,800</u>	<u>540,420</u>	<u>276,779</u>	<u>1,281,888</u>
At 30th September, 2007							
Cost/Valuation	123,913	194,673	318,586	217,800	1,744,899	361,680	2,642,965
Accumulated depreciation/ amortisation	-	(71,697)	(71,697)	-	(1,204,479)	(84,901)	(1,361,077)
	<u>123,913</u>	<u>122,976</u>	<u>246,889</u>	<u>217,800</u>	<u>540,420</u>	<u>276,779</u>	<u>1,281,888</u>
Net book amount	<u>123,913</u>	<u>122,976</u>	<u>246,889</u>	<u>217,800</u>	<u>540,420</u>	<u>276,779</u>	<u>1,281,888</u>

Notes to the Condensed Consolidated Financial Information (Continued)



6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
Available-for-sale financial assets:		
– Unlisted debts securities with floating interest or fixed interest ranging from 3% to 9% per annum, and with maturity dates between 6 months and 10 years	159,146	167,038
– Listed investments	294,935	–
– Unlisted equity securities	–	100,360
	<u>454,081</u>	<u>267,398</u>

7 INVESTMENT IN ASSOCIATES

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
Share of net assets	4,407	3,299
Due from associated companies	1,058	1,058
	<u>5,465</u>	<u>4,357</u>
Unlisted investments, at cost	<u>202</u>	<u>202</u>

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

Notes to the Condensed Consolidated Financial Information (Continued)

8 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
Goodwill on acquisition of jointly controlled entities	5,604	5,604
Share of net assets	26,761	26,591
	<u>32,365</u>	<u>32,195</u>
Unlisted investments, at cost	<u>42,877</u>	<u>42,877</u>

9 TRADE AND OTHER RECEIVABLES

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
Trade receivables	32,148	23,991
Less: provision for impairment of receivables	(3,347)	(3,347)
Trade receivables – net	28,801	20,644
Other receivables	21,780	23,501
	<u>50,581</u>	<u>44,145</u>

The carrying values of trade and other receivables approximate 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 receivables of royalty income from franchisees.

Notes to the Condensed Consolidated Financial Information (Continued)

9 TRADE AND OTHER RECEIVABLES (Continued)

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
0 – 30 days	17,927	12,010
31 – 60 days	7,922	4,705
61 – 90 days	811	992
Over 90 days	5,488	6,284
	32,148	23,991

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of dispersed customers.

10 TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
0 – 30 days	107,980	83,489
31 – 60 days	5,531	4,441
61 – 90 days	82	1,810
Over 90 days	1,817	5,001
	115,410	94,741



Notes to the Condensed Consolidated Financial Information (Continued)

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September, 2007	31st March, 2007
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Equity securities listed in Hong Kong	5,202	412
Investment funds	136,510	98,308
	<u>141,712</u>	<u>98,720</u>

12 SHARE CAPITAL

	(Unaudited)		(Audited)	
	30th September, 2007		31st March, 2007	
	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 period/year	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
Issued and fully paid				
Beginning of period/year	545,934	54,593	540,810	54,081
Shares issued under share option scheme (Note 13)	4,780	478	5,124	512
End of period/year	<u>550,714</u>	<u>55,071</u>	<u>545,934</u>	<u>54,593</u>

Notes to the Condensed Consolidated Financial Information (Continued)



13 SHARE OPTIONS

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

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders' resolution for the adoption of a new share option scheme (the "New Scheme"). Pursuant to the New Scheme, the Company may grant options to executive and non-executive directors, employees, suppliers and customers of the Group and consultants, advisors, managers, officers and corporations that provided research, development or other technical support to the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. As at 30th September, 2007, the Company has granted options to certain employees of the Group (including executive directors of the Company) pursuant to the New Scheme.

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

Notes to the Condensed Consolidated Financial Information (Continued)

13 SHARE OPTIONS (Continued)

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

Movements in share options

	30th September, 2007 (Unaudited)	31st March, 2007 (Audited)
Beginning of period/year	18,480,000	24,404,000
Exercised	(4,780,000)	(5,124,000)
Cancelled upon termination of employment	(40,000)	(800,000)
End of period/year	<u>13,660,000</u>	<u>18,480,000</u>
Options vested	<u>1,830,000</u>	<u>2,070,000</u>

Notes to the Condensed Consolidated Financial Information (Continued)



13 SHARE OPTIONS (Continued)

Details of share options

Grant Date	Exercise Period	Exercise price HK\$	(Unaudited) 30th September, 2007		(Audited) 31st March, 2007	
			Number of options outstanding	Number of options vested	Number of options outstanding	Number of options vested
4th November 1999	1st April 2003 to 31st March 2013	2.950	1,178,000	768,000	5,666,000	676,000
1st November 2005	1st January 2007 to 31st October 2015	8.800	4,000,000	800,000	4,000,000	800,000
1st November 2005	1st January 2007 to 31st October 2015	8.750	8,482,000	262,000	8,814,000	594,000
			13,660,000	1,830,000	18,480,000	2,070,000

14 REVENUE

	Six months ended 30th September,	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Sales of food and beverages	2,016,857	1,837,920
Rental income	18,022	14,622
Royalty income	21,750	21,908
Management and service fee income	4,439	2,021
Sundry income, net	24,313	16,246
	2,085,381	1,892,717

Notes to the Condensed Consolidated Financial Information (Continued)

15 OTHER GAIN, NET

	Six months ended 30th September,	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Gain on disposals of financial assets at fair value through profit or loss	514	1,146
Fair value gains on financial assets at fair value through profit or loss	<u>2,787</u>	<u>628</u>
	<u>3,301</u>	<u>1,774</u>

16 OPERATING PROFIT

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

	Six months ended 30th September,	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	73,697	77,470
Amortisation of leasehold land and land use rights	3,219	3,000
Amortisation of trademarks and franchise rights (including in administrative expense)	5,631	5,180
(Gain)/loss on disposal of property, plant and equipment	(2,083)	2,129
Fair value gains of financial assets at fair value through profit or loss	(2,787)	(628)
Gain on disposal of financial assets at fair value through profit or loss	(514)	(1,146)
Provision for impairment of property, plant and equipment	-	1,000
Provision for impairment on trade and other receivables	-	242
	<u>-</u>	<u>242</u>

Notes to the Condensed Consolidated Financial Information (Continued)



17 FINANCE INCOME AND COSTS

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income – interest income	17,687	17,277
Finance costs – interest expense on bank loans	(134)	(803)
	17,553	16,474

18 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% (2007: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
– Hong Kong profits tax	31,352	24,598
– Overseas taxation	5,380	5,769
Deferred income tax charged relating to the origination and reversal of temporary differences	991	2,847
	37,723	33,214



Notes to the Condensed Consolidated Financial Information (Continued)

19 EARNINGS PER SHARE

Basic

Basic earning per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issued during the period.

	Six months ended 30th September,	
	2007	2006
	'000	'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	HK\$175,098	HK\$151,472
Weighted average number of ordinary shares in issue	549,267	541,002
Basic earnings per share (HK cents per share)	<u>31.88 HK cents</u>	<u>28.00 HK cents</u>

Diluted

Diluted earning per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares – 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 shares that would have been issued assuming the exercise of the share options.

Notes to the Condensed Consolidated Financial Information (Continued)



19 EARNINGS PER SHARE (Continued)

Diluted (Continued)

	Six months ended 30th September,	
	2007	2006
	'000	'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	HK\$175,098	HK\$151,472
Weighted average number of ordinary shares in issue	549,267	541,002
Adjustments for - share options	5,989	7,561
Weighted average number of ordinary shares for diluted earnings per share	555,256	548,563
Diluted earnings per share (HK cents per share)	31.53 HK cents	27.61 HK cents

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20 DIVIDENDS

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividends proposed		
– Interim, 15 HK cents (2006: 12 HK cents) per share	82,622	65,390

The interim dividend was declared on 11th December, 2007. This interim financial information does not reflect this dividend payable.

Notes to the Condensed Consolidated Financial Information (Continued)

21 RESERVES

	Share premium HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Exchange translation reserve HK\$'000 (Unaudited)	Share based compensa- tion reserve HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Investment reserve HK\$'000 (Unaudited)	Revaluation reserves HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1st April, 2006	57,505	152,034	2,432	3,449	21,079	85,197	(8,875)	-	1,497,172	1,809,993
Proceeds from shares issued	11,656	-	-	-	-	-	-	-	-	11,656
Exchange differences arising on consolidation	-	-	(2,727)	-	-	-	-	-	-	(2,727)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	5,813	-	-	5,813
Employees shares option scheme-value of employee services	-	-	-	3,758	-	-	-	-	-	3,758
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	151,472	151,472
Dividends	-	-	-	-	-	-	-	-	(245,205)	(245,205)
At 30th September, 2006	<u>69,161</u>	<u>152,034</u>	<u>(295)</u>	<u>7,207</u>	<u>21,079</u>	<u>85,197</u>	<u>(3,062)</u>	<u>-</u>	<u>1,403,439</u>	<u>1,734,760</u>
At 1st April, 2007	79,243	152,034	8,195	9,547	21,079	85,197	(1,467)	180	1,587,866	1,941,874
Proceeds from shares issued	15,537	-	-	-	-	-	-	-	-	15,537
Exchange differences arising on consolidation	-	-	23,647	-	-	-	-	-	-	23,647
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	195,281	-	-	195,281
Employees shares option scheme-value of employee services	-	-	-	2,367	-	-	-	-	-	2,367
Release of share based compensation reserve to share premium upon exercise of share option	1,894	-	-	(1,894)	-	-	-	-	-	-
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	175,098	175,098
At 30th September, 2007	<u>96,674</u>	<u>152,034</u>	<u>31,842</u>	<u>10,020</u>	<u>21,079</u>	<u>85,197</u>	<u>193,814</u>	<u>180</u>	<u>1,762,964</u>	<u>2,353,804</u>

Notes to the Condensed Consolidated Financial Information (Continued)



22 CAPITAL COMMITMENTS

	30th September, 2007 HK\$'000 (Unaudited)	31st March, 2007 HK\$'000 (Audited)
Acquisition of property, plant and equipment		
Contracted but not provided for	49,701	12,858
Authorised but not contracted for	42,241	118,942
	<hr/> 91,942 <hr/>	<hr/> 131,800 <hr/>

23 RELATED PARTIES TRANSACTIONS

(a) Transactions with a related party

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

	Six months ended 30th September, 2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Operating lease rentals paid to a related party: – Tinway Investments Limited (Note (a))	<hr/> 1,056 <hr/>	<hr/> 1,056 <hr/>

Notes to the Condensed Consolidated Financial Information (Continued)

23 RELATED PARTIES TRANSACTIONS (Continued)

(a) Transactions with a related party (Continued)

- (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.

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

(b) Key management compensation

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and allowances	4,338	3,695
Others	16,019	9,114
	<hr/>	<hr/>
	20,357	12,809
	<hr/> <hr/>	<hr/> <hr/>

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