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 2009 年報

Contents


為您做足100分
大家樂集團四十年的經營與發展
1988
2007 2008

Directors and Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yue Kwong, Michael *(Chairman)*

Mr. Lo Hoi Kwong, Sunny
(Managing Director)

Ms. Lo Pik Ling, Anita

Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Lo Tang Seong, Victor

Mr. Lo Hoi Chun

Mr. Hui Tung Wah, Samuel

Mr. Choi Ngai Min, Michael*

Mr. Li Kwok Sing, Aubrey*

Mr. Kwok Lam Kwong, Larry*

Mr. Look Guy*

* *Independent Non-executive Directors*

COMPANY SECRETARIES

Ms. Li Oi Chun, Helen

Mr. To Hon Fai, Alfred

REGISTERED OFFICE

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

HEAD OFFICE

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

AUDITORS

Messrs. PricewaterhouseCoopers

SOLICITORS

JSM

PRINCIPAL BANKERS

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

BERMUDA SHARE REGISTRARS

The Bank of Bermuda Limited

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor
Services Limited

WEBSITE

http://www.cafedecoral.com

STOCK CODE

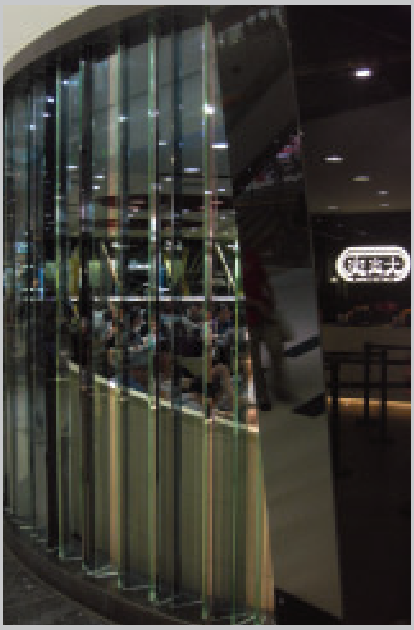
341

FINANCIAL HIGHLIGHTS

Year ended 31st March,	**2009** *HK$'000*	2008 *HK$'000*	Change *%*
Revenue	**4,673,609**	4,283,586	9.1
Profit attributable to equity holders of the Company	**441,866**	420,234	5.1
Total assets	**2,970,949**	2,934,496	1.2
Net assets	**2,377,193**	2,387,388	-0.4
Basic earnings per share	**79.77 HK cents**	76.36 HK cents	4.5
Interim and final dividends per share	**53 HK cents**	50 HK cents	6.0
Special dividend per share	**15 HK cents**	–	N/A
Net assets per share	**HK$4.28**	HK$4.32	-0.9

FINANCIAL CALENDAR

Half year results	Announcement on 9th December, 2008
Full year results	Announcement on 8th July, 2009
Annual Report	Despatched to shareholders in late July, 2009
Closure of register of members for the proposed final dividend	11th September, 2009 to 15th September, 2009
Annual General Meeting	15th September, 2009
Dividends	Interim: 15 HK cents per share paid on 13th January, 2009 Special: 15 HK cents per share paid on 13th January, 2009 Final: 38 HK cents per share payable on 2nd October, 2009

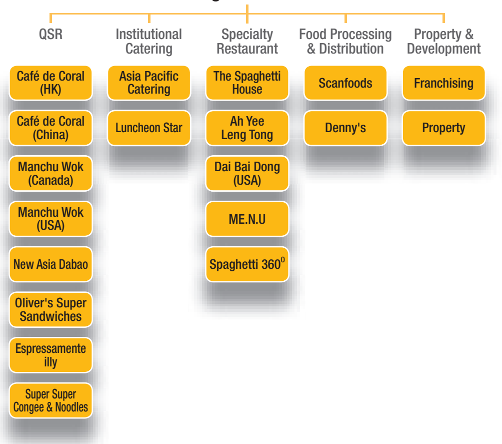



Café de Coral

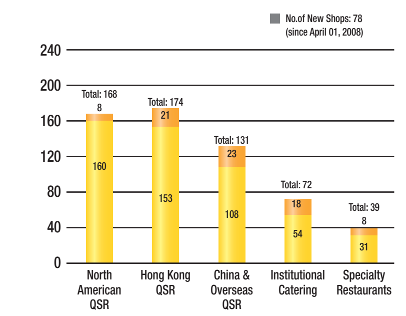
HIGHLIGHTS

- Group profit again reached historical high of HK$442 million amidst the market adversity.
- Annual dividend increases for the 11th consecutive year, reaching a total annual payout ratio of 85% with another final dividend increase of 9%.
- Operating profit before prudent write-off of North American business goodwill grew significantly by 12% against last year.
- Effective corporate strategies led us through the financial tsunami, with a business turnaround in our overseas platforms.
- Two purpose-built central food processing facilities expected to commence production by end 2009 and beginning 2011 in Guangzhou and Hong Kong.
- Record expansion pace of 60 new operating units on our three business platforms around the world.
- Marching towards the 1,000 operating units target by 2014 under our 5 Years Plan.

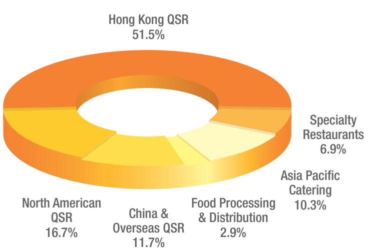
Café de Coral Group
Strategic Businesses



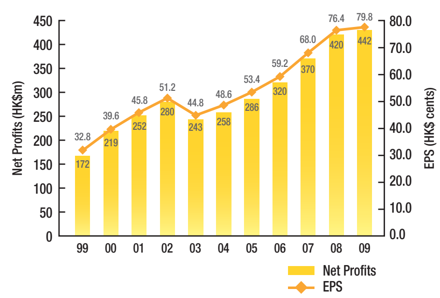
Total No. of Operating Units: 584
(As of July 8, 2009)

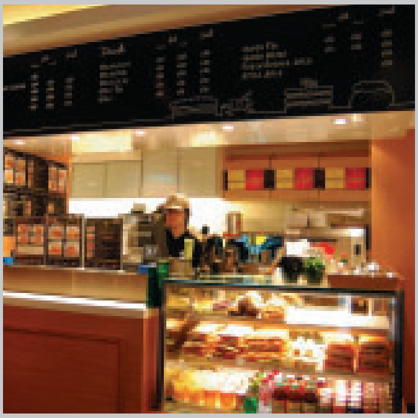


Systemwide Sales Distribution



Financial Growth Trends
Group Net Profits & EPS Growth






spaghetti
360°
SPAGHETTI

40TH ANNIVERSARY

While we are counting the blessings of the Group's 40th Anniversary year, we cannot brush aside the negative impact that befell on the local and global economy as a result of the financial turmoil.

Despite the economic difficulties, I am glad to report that the Group has been able to rise above the adverse market conditions and achieved another encouraging result with the Group's turnover and profit attributable to shareholders reaching a record high of HK$4.67 billion and HK$442 million respectively. Excluding the prudent write-off of our North American business goodwill, our operating profit has in fact grown significantly by 12% against last year. To repatriate enhanced value to our shareholders, I would recommend to the Board to propose an increase of 9% on final dividend to 38 HK cents per share. Together with the interim and special dividends paid earlier, the total dividend payable for the entire year is 68 HK cents, representing an increase of 36% over that of last year and a payout ratio of 85%, which is another dividend increase for the 11th consecutive year.

FACE THE FACTS

Faced with the worldwide economic uncertainties, we have once again adopted the "F.A.C.T.S" corporate strategies, which have successfully guided us to sail through the previous Asian financial storm unscathed. We believe these same strategies would lead us again to rise above the financial tsunami and emerge as a stronger entity. Such strategies call for management focus, anticipating the worst, changing mindset, turning crisis into opportunity and shaping up to weather the storm.

Focus

To embrace the challenge of the market adversities, I believe it is ever more important for the Group to have a clear focus on its own business vision and direction. As such, we have again formulated a "Five-Year Corporate Plan", which clearly outlines and focus management attention to the Group's future road map for all its strategic business units in the years to come. With development parameters such as unit expansion, territorial strategy, revenue and profit projection, the plan aims to ensure that our management has a focus on the development mission expected of them, thus laying a visionary foundation for a sustainable continuous growth for the Group.

Other than the business performance expectation for each strategic business unit, corporate succession is another focus of the plan. We fully understand that putting people first is vital to the success of our business vision, which must come with a sustainable corporate succession plan. To cope with the expected pace of having one thousand operating units by the year 2014, we are actively pursuing our corporate succession initiatives, making sure growth in succession for the Group is well addressed in the longer term.

Anticipating the worst

While it is generally expected that economic recovery may not soon arrive, maintaining sufficient financial resources for organic development or mergers and acquisitions is key to future growth. We have been maintaining a prudent investment allocation policy in the past and, as a result, the Group has a net cash position of about HK$894 million. Taking advantage of such a cash reserve, the Group is well positioned to capture any opportunities presented to us during these challenging times.

For the same strategic reason, we made a timely but difficult decision to dispose of our loss-making stores in California in August, 2008, well ahead of the onslaught of the U.S. financial crisis. With this final phase of our 3-year consolidation program, we witnessed a substantial improvement in the business turnaround of **Manchu WOK**. To complete the restructuring of the North American business, we have taken the prudent step to adjust downwards the related restaurant goodwill.

To equally equip ourselves for the Eastern China growth platform, we made a decisive move in rationalizing our business portfolio in this region, where we acquired all the operating assets of the six **Café de Coral** restaurants in Shanghai and would dispose 25% interests in the restaurant chain of **New Asia Dabao** in China. This move aims to concentrate our management effort in developing our proprietary "**Café de Coral**" brand in this strategically important Yangtze River Delta Region under our complete management control and ownership.

Changing mindset

Changing business mindset, both externally and internally, is another strategy we deploy for outperforming our peers. Faced with the weakened business sentiment, we are proactive in our rent negotiation and brand expansion in the leasing market, aiming to enter into more reasonable leasing terms and gaining market share with our various newer restaurant brands under current market conditions.

In addition, our internal management mindset is also in tune with the current difficult market sentiment and is committed to a belt-tightening measure over staff cost and other overheads with an aim to enhance the overall efficiency and profit margin improvement.

The institutional catering business is another example of a change in today's consumer mindset on food quality and food safety concerns. With end-users looking for more reputable caterers, and the Group being the first and only market leader in the territory to be accredited simultaneously with international certificates in the areas of food safety, nutrition and environmental protection, both our Institutional Catering and Student Catering businesses are able to outrival other competitors to further expand their client base and to secure more contracts during the year.

Turning crisis into opportunities

We have been taking the economic setback as an excellent opportunity to expand proactively in our businesses. Our home-grown brand, **Super Super Congee & Noodles**, achieved a positive result with its chain of 13 restaurants, opening up another avenue of growth in our local fast food business with 5 new shops within the year.

For the same strategic reason, we took advantage of the consumer trading-down behaviour under the current economic setback with more openings of **Oliver's**

Super Sandwiches and the launch during the year of two new restaurant brands, namely, **ME.N.U** and **Spaghetti 360º** to meet the increasing demand for casual dining.

Speaking of seizing opportunities, we remain committed in pursuing our aggressive branch development strategy in Southern China. With a record-breaking 15 new stores opened in the year, **Café de Coral** restaurants in the Pearl River Delta region reached 52 as at 31st March, 2009, successfully building up a sizable growth platform for further development in the region.

Shaping up

The encouraging performance of the Group was owed much to the productivity and operating efficiency driven by the Group throughout the year. We understand that there are limits to such drive over the existing production facilities. In this regard and as reported to you earlier, the Group is now constructing two food processing plants at the Guangzhou Development District, China and Tai Po Industrial Estate, Hong Kong with expected production commencing by the end of 2009 and at the beginning of 2011 respectively. The two new food processing plants, once in full operation, not only would lead to further enhancement in food safety and hygiene standards, but undoubtedly would deliver substantial gains in productivity as well as an ultimate improvement on margins.

REFLECTIONS

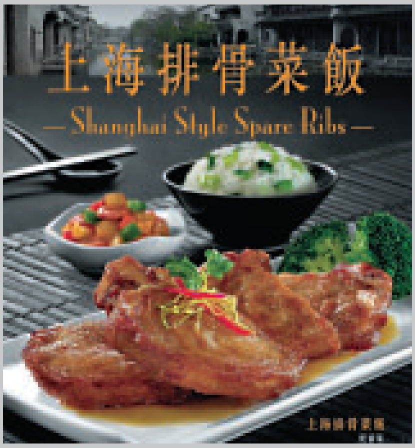
While the Group celebrated its 40th Anniversary during the year, we witness that our businesses have advanced to another stage of growth through our strong brand management power, product development campaign and branch development initiatives. Coupled with the roll-out of our self-developed new restaurant brands, a total of 60 new operating units was added in the year, bringing the total operating units to 580 for the Group.

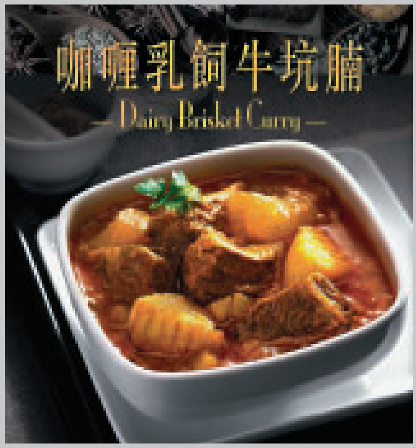
We are also delighted to be recognized for our management and services excellence by claiming the Enterprise Award of the Hong Kong Business Award 2008, the Top Service Award and the Gold Award as "2008 PRC Consumer's Most Favourable Hong Kong Brand", while I have personally been bestowed with "The 10th Outstanding Entrepreneur Award 2008". None of the above would have been achieved without our 14,000 staff's dedicated efforts in the year.

Despite our long term optimism, one word of caution though is our immediate concern over the industry consolidation and business turmoil in the restaurant and catering sector both at home and abroad, which would undoubtedly call for our watchfulness and prudence. As we turn our attention to the challenges and opportunities ahead, I am confident that given the strategies we deploy, the caliber of our management and the financial resource we possess, we would be able to sail through the present economic storm and to march towards the development target of 1,000 units in the Group's next five years of sustained growth.

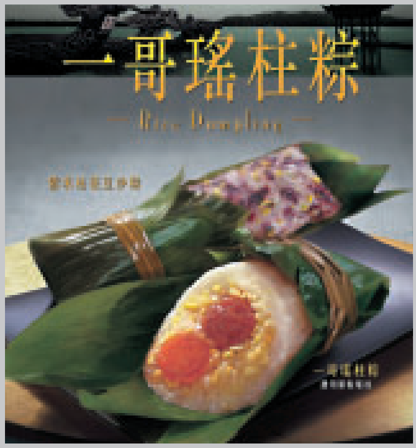
Chan Yue Kwong, Michael
Chairman
Hong Kong, 8th July, 2009


中秋盆菜

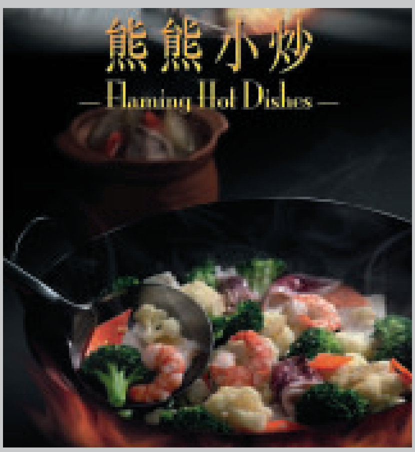

上海排骨菜飯
— Shanghai Style Spare Ribs —

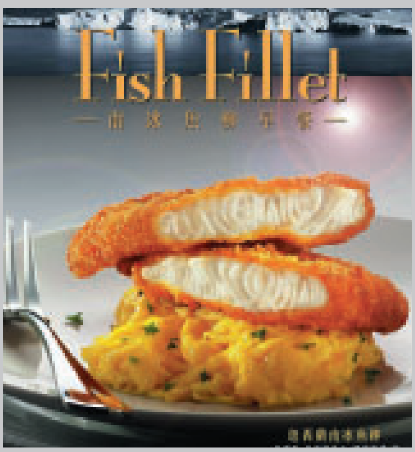

咖喱乳飼牛坑腩
— Dairy Brisket Curry —

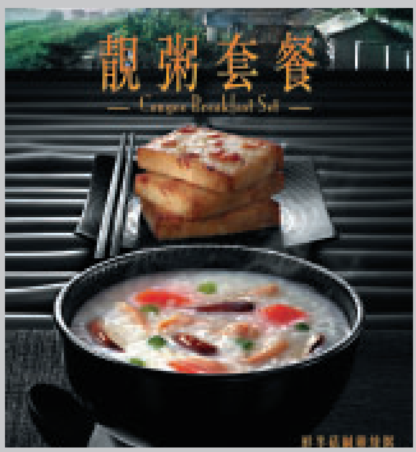

瑤柱冬瓜盅
— Winter Melon Soup —
瑤柱冬瓜盅


一哥瑤柱粽


海南功夫雞
— Hainan Kungfu Chicken


熊熊小炒
— Flaming Hot Dishes —


Fish Fillet


靚粥套餐

INTRODUCTION

The global financial storm triggered by the U.S. subprime crisis in 2008 posed great challenge to every economic sector. Inevitably it also dampened consumers' confidence and spending sentiment in the catering industry.

Despite economic uncertainties, the Group again delivered encouraging results for the year under review, with turnover and profit attributable to shareholders reaching new heights of HK$4.67 billion and HK$442 million, respectively. This encouraging performance was by no means a stroke of luck. It was mainly attributed to the management expertise our Group accumulated over the past 40 years, complemented by the successful implementation of strategic moves in different areas of our businesses.

QUICK SERVICE RESTAURANT BUSINESS

As market leader in the Chinese Quick Service Restaurants sector in Hong Kong, **Café de Coral** continued its branch development by adding six new stores during the year, bringing the total number of this branded restaurant to 139 as of 31st March, 2009. These new outlets, including four located at public housing estates, are well received by the neighbourhood and registered better-than-expected business performance immediately after their openings.

To stay ahead of the competition, we continued to refresh stores and invested over HK$35 million in the year to renovate 12 **Café de Coral** stores. Our objective was to offer a stylish and yet comfortable dining environment to our customers. The move was well received by our customers and set new industry standards for dining experiences.

Offering quality products to our customers has always been our key emphasis. Through upgrading and repackaging our menu items such as "Baked Thick-Cut Pork Chop with Rice" and "Premium Sweet Corn Sauce", our product offerings exceeded the expectation of our valued customers. In anticipation of the celebrative sentiment during the 2008 Beijing Olympic Game, we repackaged our signature product "Roast Whole Spring Chicken" with a series of our "100 Full-marks" A La carte products, and successfully marketed them as takeaway dinner sets for customers' enjoyment while watching the memorable events at home.

"Value Selection Set" was also introduced in the lunch segment in late 2008 to cater to the change in market sentiment after the outbreak of the economic downturn. This product was particularly popular with our customers in commercial and industrial districts.

To stay top-of-mind with our customers, we launched another series of TV commercials focusing on the "Premium Quality" of our new products. Attracted by the uniqueness and high quality of our ingredients, our customers were eager to try these new products. Meanwhile, since its introduction in December 2005, our "Club 100" VIP Loyalty Program reached its milestone of over 160,000 members.

During the year, various training programs were also conducted for our frontline and back office staff, updating them with skills necessary to deliver our commitment of "100% Total Services".

As reported to you previously, we are now constructing a new central food processing plant at Tai Po Industrial Estate, Hong Kong. The construction work is progressing well with its foundation work just completed. This plant, expected to commence production at the beginning of 2011, will be able to further enhance our competitive edge in terms of food quality, food safety, operational excellence as well as production cost. Our production capacity will be greatly increased to support our effort to develop local businesses.

To solidify our position in the Quick Service Restaurants sector, we continued to cultivate and build our other brands including **Super Super Congee & Noodles, Oliver's Super Sandwiches** and **Espressamente illy**.

During the year, **Super Super Congee & Noodles** strengthened its presence in this local fast food category with 5 newly opened outlets under this brand, bringing the total number of stores to 11 as of 31st March, 2009. As previously planned, we continued to commit resources to this concept, reflecting our assessment of its market potential.

Oliver's Super Sandwiches, our well-known brand in the freshly-made sandwich market, recorded a satisfactory performance. During the year, two new outlets were opened, making the total number of outlets 16 as of 31st March, 2009.

With its "leisure" interior design concept, **Oliver's Super Sandwiches** has long been recognized as a preferred place for casual gathering. With the introduction of the famous Italian coffee "illy" to the entire chain, and the addition of a spectrum of quality products at reasonable prices, **Oliver's Super Sandwiches** gained further customer appeal.

The successful launch of the premium "illy" coffee brand resulted in the formation of a joint-venture to franchise "**Espressamente illy**". As at 31st March, 2009, we had two operating units located at the Hong Kong International Airport. The growth of this quality coffee brand has been steady and we are confident that it will penetrate the specialty coffee market in Hong Kong.

INSTITUTIONAL CATERING

Asia Pacific Catering performed as management expected in 2009. Despite the negative impact of the economic downturn, stringent cost control together with judicious price adjustments allowed this business segment to maintain its profitability. Furthermore, **Asia Pacific Catering** succeeded in securing additional catering contracts despite adverse market conditions. Efforts dedicated to contract renewals resulted in retention of all major clients' catering contracts.

Asia Pacific Catering has been actively exploring business opportunities in the PRC Market. Due to increased awareness of food safety resulting from recent incidents of food contamination, we believed the demand for quality catering services in China would grow. In this regard, a task force was set up to carry out extensive studies on this market's potential. As of today, we have a total of 14 operating units in the PRC.

Luncheon Star, our flagship unit in the school catering business, is another success of the Group. Accredited with ISO 22000 and ISO 14001, being the strictest food safety standard and environmental management standard respectively, **Luncheon Star** enjoys the well-earned reputation of being a reliable caterer. In the face of a declining birthrate and therefore a shrinking student body, **Luncheon Star** was still able to gain market share both in terms of number of accounts and meals served per day.

In the meantime, we noted an increased demand for on-site school catering. This new mode of operation is seen as an opportunity for growth that warrants additional investment. To this end, **Luncheon Star** is planning to expand production capacity and develop new technology.

SPECIALTY RESTAURANT

Against the backdrop of deteriorating economic outlooks and intense competition in the mid-priced specialty restaurant sector, **The Spaghetti House**'s profitability suffered for the year. In terms of new store openings, three outlets were added during the year, taking the total number of **The Spaghetti House** to 30, including 26 in Hong Kong and 4 in the PRC.

To raise brand awareness and sharpen our competitive edge, various advertising campaigns focusing on different themed products were put in place during the year. In particular, we celebrated the 30th Anniversary of **The Spaghetti House** with commemorative promotion. These campaigns not only successfully reinforced our image as the "Pasta Expert", but they also enticed our customers to try the featured products.

Spaghetti 360º, a new restaurant brand, was rolled out in the year with the intent to fill the market niche in the mid-priced specialty restaurant sector. With a stylish and trendy image, **Spaghetti 360º** achieved remarkable results shortly after its first opening in late 2008. As of 31st March, 2009, there were two outlets under this brand, situated at Shatin and The Peak respectively.

After several years of dedicated effort by the business development team in the PRC, **The Spaghetti House** began to perform in Southern China. Leveraging on our experience, we targeted the first-tier cities for the opening of more stores. In April this year, we opened another unit in Guangzhou, bringing the total number of **The Spaghetti House** to 5 as of today, with 3 in Shenzhen and 2 in Guangzhou.

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

Our outstanding services were again recognized with the "2008 Service Retailer – Fast Food/Restaurant Category" and "The Best Chained F&B Brand Enterprise" awards by the Hong Kong Retail Management Association and Capital Magazine, respectively.

SCANFOODS

As a result of increases in raw material costs early on in the year, followed by a financial downturn, **Scanfoods**, our food processing and distribution business saw its profit margin being squeezed. We were able to mitigate these negative impacts by purchasing in bulk and by leveraging off **Viking Boat**'s ability to command premium pricing as a strong brand. At the time of writing, meat prices had dropped to a more reasonable level from its record high.

Our production facilities were upgraded during the year to ensure continuous high product quality and operational efficiency. We are confident that with new production facilities in place, the throughput of our production plant in Dongguan will help further penetrate the distribution business in the Pearl River Delta region.

CAFÉ DE CORAL IN THE PRC AND MACAU

As part of our strategy to tap the vast business potential in Southern China, **Café de Coral** continued its proactive branch development program. We had another record-breaking year of development by adding 15 new stores to our portfolio, bringing the total number of this branded restaurant to 52 as of 31st March, 2009, including two in Macau.

The pace of our expansion was testimonial to our commitment to a strong presence in Southern China. With a proven ability to adjust our business model to different locales, and a solid performance over the years, our management team is ready to accelerate our growth in this region.

To support such growth, the new central food processing plant under construction in the Guangzhou Development District, China, is scheduled to commence production by the end of 2009. Upon completion, the project will also be housing our all-round training centre catered to the ever-increasing training needs of the frontline and back-end staff.

The massive closure of factories in Dongguan caused by the financial tsunami negatively impacted the business performance of our stores in that city. Nevertheless, by adopting strategies such as adjusting our product mix, reviewing our pricing strategies, focusing our development initiatives on first-tier delta cities and negotiating with our suppliers for price reduction, we were able to overcome such challenges and prevent our profit margin from being eroded.

Notwithstanding slowing economic growth in China, we remain confident and positive in the PRC market in view of the Central Government's determination to maintain GDP growth rate at 8%. In fact, as demonstrated by our investment commitment in Guangzhou, we consider this to be an excellent opportunity to expand our business in the Pearl River Delta and build this business platform into another growth driver for the Group.

MANCHU WOK

The business performance of **Manchu WOK** significantly improved with the operating level becoming profitable in the year.

Our business development initiative focused on the non-traditional areas with a total of 7 outlets added to our store portfolio during the year. Since our implementation of a Prototype Program last year, we opened 11 stores with notable successes. In this regard, three more prototype designs/concepts are expected to go on a trial basis in this financial year.

Other than implementing the above development initiatives, we took the decisive move to dispose of 10 under-performing stores in August of 2008 before the market was hit by the recession. The subsequent market downturn undoubtedly affected mall traffic and hurt spending sentiment. Still, by diligently negotiating for rental reduction and implementing other cost control measures, **Manchu WOK** significantly improved its performance in the year.

While we have not yet turned this business unit into another meaningful profit contributor, the improvements achieved during the year amidst economic adversities has given us a strong indication that we are heading in the right direction. By positioning ourselves as a major player in the Asian Cuisine market in North America, we remain confident that **Manchu WOK** will become another growth platform to the Group.

As of 31st March, 2009, **Manchu WOK** had a total of 176 restaurants operating primarily in North America.

NEW ASIA DABAO

In Eastern China, we restructured our business portfolio by disposing 25% of our interest in the restaurant chain **New Asia Dabao**, leaving us as 25% shareholder of this joint-venture. At the same time, we acquired complete management control and ownership of the operating assets relating to the six **Café de Coral** restaurants in Shanghai. The restructuring allows our management team to focus on developing the **Café de Coral** brand in the mid-priced fast casual dining segment in this region. We are confident that with the experience accumulated over the years, our management team will be able to successfully operate the **Café de Coral** brand with benefits now fully accruing to the Group.

As of 31st March, 2009, **Café de Coral** and **New Asia Dabao** had a total of 6 and 60 outlets, respectively, in Eastern China.

NEW BUSINESS PROCESSES

Information Technology (IT) continued to be an area of immense importance to the Group. Through various IT solutions, we were able to streamline our operation and automate manual work in different business units of the Group, thereby resulting in an overall enhancement of our productivity. For example, the rollout of **Luncheon Star**'s official website not only rendered **Luncheon Star**'s services more easily accessible to the public, it also facilitated those students who were registered as customers to view their order on the website.

Since implementation of the "Club 100" VIP program of **Café de Coral** in December 2005, we once again utilized an IT solution. By launching a web questionnaire for our Club 100 members, we were able to receive feedback on our products and services in an efficient and cost effective manner.

In the PRC, as a value-added service to our customers, all **Café de Coral** branches in Southern China now offer free Wi-fi services. This represents another opportunity to make **Café de Coral** a preferred place to meet amongst active professionals.

All the above demonstrates that information technology has become an indispensable element of our business, and our Group is committed to devote appropriate resources to it in support of our business.

FINANCIAL REVIEW

The Group's financial position, as of 31st March, 2009, continued to be very strong, with a net cash of close to about HK$894 million and available banking facilities of HK$660 million.

As at 31st March, 2009, the Group did not have any external borrowing (31st March, 2008: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2008: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2008.

As at 31st March, 2009, the Company has given guarantees of approximately HK$662,000,000 (31st March, 2008: HK$636,000,000) to financial institutions in connection with banking facilities granted to its subsidiaries.

Regarding foreign exchange fluctuations, the Group earned revenue and incurred costs and expenses mainly denominated in Hong Kong dollars, while those of our North American 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.

HUMAN RESOURCES

As of 31st March, 2009, the Group (other than associated companies and jointly-controlled entities) employed approximately 14,000 employees. Remuneration packages are generally structured by references to market terms as well as individual qualifications and experience. Employees are entitled to participate in the growth of the Group through a unique Share Option Scheme, a profit sharing bonus, and a performance incentive system.

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

CONCLUSION

During the year, we celebrated the Group's 40th Anniversary while facing persistent negative impact of this unprecedented global financial crisis.

We envisage another wave of economic setbacks ahead, in particular, weakening consumer spending resulting from the downward pressure on asset values. Our commitment to deliver another year of promising result will not be without challenges. Nonetheless, given the 40 years of experience and quality of our management team, and the financial strength of our Group, we will once again sail through the storm. By turning crisis into opportunities, we will continue to grow in the catering industry, both locally and overseas, and further solidify the strong leadership position of our Group in the years to come.

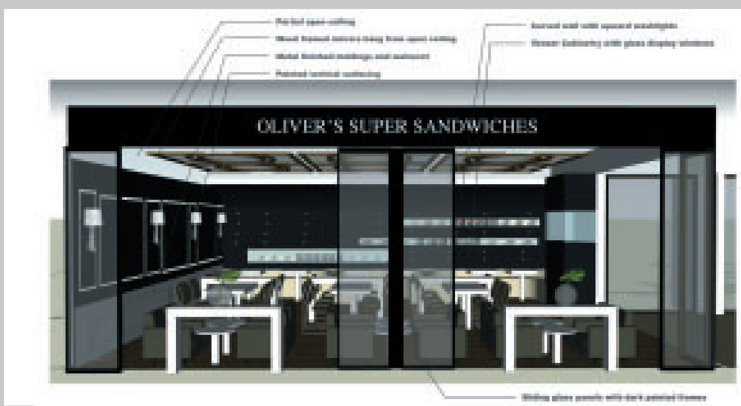
Lo Hoi Kwong, Sunny
Managing Director

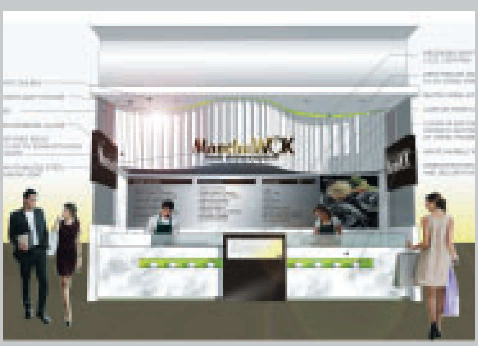
Hong Kong, 8th July, 2009


SPAGHETTI 360
OLIVER'S
SUPER SANDWICHES


PED SPANDREL GLASS
CORIAN COUNTERTOP
WHITE SPANDREL GLASS
CABINETRY
WOOD TEXTURED VINYL
FABRIC WRAPPED BANQUETTE SEATS
VENEER TABLE TOP WITH METAL BASE
DINING CHAIRS- STYLE #1
DINING CHAIRS- STYLE #2
MAGAZINE RACK
MENU BOARDS - WITH WASHLIGHT ON
CASHIER AREA- CORIAN COUNTERTOP
ENTRANCE
3-DIMENSIONAL LOGO WITH UPLIGHT
HIGH GLOSS WHITE LAMINATE PARTITI


wasabi


OLIVER'S SUPER SANDWICHES



CHAIRMAN

Mr. Chan Yue Kwong, Michael, aged 57, 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, General Committee 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, a Member of the Hong Kong Tourism Board, a Member of the Provisional Minimum Wage Commission, HKSAR, the Honorary President of Hong Kong Foodstuffs Association, the Honorary Adviser of the Hong Kong Institute of Marketing and the Chairman of the Business Enterprise Management Centre of the Hong Kong Management Association. In past years, Mr. Chan was personally bestowed with "The Stars of Asia Awards", the "Executive of the Year Award", the "Bauhinia Cup Outstanding Entrepreneur Awards", the "Directors of the Year Award", the Honoree, Beta Gamma Sigma of the Hong Kong University of Science and Technology and Ernst & Young Entrepreneur of the Year. 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 53, 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, food processing and information technology 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.

EXECUTIVE DIRECTOR

Ms. Lo Pik Ling, Anita, aged 56, 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.

Mr. Lo Tak Shing, Peter, aged 47, 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 DIRECTOR

Mr. Lo Tang Seong, Victor, aged 94, 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.

Mr. Lo Hoi Chun, aged 70, 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.

NON-EXECUTIVE DIRECTOR

(Continued)

Mr. Hui Tung Wah, Samuel, aged 55, 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 DIRECTOR

Mr. Choi Ngai Min, Michael, J.P., aged 51, was appointed as an Independent Non-executive Director of the Company in 1994 and is a member of Audit, Nomination and Remuneration Committees. He is the chairman of Land Power International Holdings Limited. Mr. Choi has been in the real estate industry for over 28 years with extensive knowledge and experience in the real estate markets in Hong Kong and Mainland China. Currently, he is a member of the Hong Kong Housing Authority, a Vice President of the Hong Kong Association For The Advancement of Real Estate and Construction Technology, Chairman of the Public Relations Committee of the Hong Kong Institute of Real Estate Administrator, a member of the Real Estate and Infrastructure Committee of the Hong Kong General Chamber of Commerce, Chairman of the Incorporated Owners' of Tregunter and the Advisor of the Business Management Society of Hong Kong Baptist University. 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. Li Kwok Sing, Aubrey, aged 59, 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 Chairman of MCL Partners Limited, a Hong Kong-based financial advisory and investment firm, and has over 30 years' experience in merchant banking and commercial banking. He is a non-executive director of 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 ABC Communications (Holdings) Limited and Value Partners China Greenchip Fund Limited. Mr. Li has a Master of Business Administration from Columbia University and a Bachelor of Science in Civil Engineering from Brown University.

INDEPENDENT NON-EXECUTIVE DIRECTOR

(Continued)

Mr. Kwok Lam Kwong, Larry, B.B.S., J.P., aged 53, was appointed as an Independent Non-executive Director of the Company in July 2004 and is a member of Audit and Remuneration Committees. 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 a CPA in Hong Kong and Australia and a Chartered Accountant in England and Wales. 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 Chairman of the Traffic Accident Victims Assistance Advisory Committee, a member of the Hospital Governing Committee of Kwai Chung Hospital/Princess Margaret Hospital and the Insurance Claims Complaints Panel in Hong Kong. He is also a member of the Political Consultative Committee of Guangxi in the People's Republic of China.

Mr. Kwok is currently an independent non-executive director of a number of publicly listed companies in Hong Kong, namely, Pacific Andes International Holdings Limited, Shenyin Wanguo (HK) Limited, Carry Wealth Holdings Limited and Starlite Holdings Limited. He is also a non-executive director of First Shanghai Investments Limited. Mr. Kwok ceased to be an independent non-executive director of Western Mining Co., Ltd., being a company listed on the Shanghai Stock Exchange, with effect from 30th March, 2009.

Mr. Look Guy, aged 52, was appointed as an Independent Non-executive Director of the Company in April, 2009 and is a member of Audit Committee. Mr. Look has over twenty-seven years of experience in local and overseas financial and general management. He is currently the executive director and chief financial officer of Sa Sa International Holdings Limited. He holds a Bachelor's degree in Commerce from the University of Birmingham, England. He is an associate member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He is also a member of the Professional Accountants in Business Advisory Panel of HKICPA. Mr. Look acts as the Vice Chairman of the Hong Kong Retail Management Association and is a member of the Departmental Advisory Committee for the Department of Management Sciences of the City University of Hong Kong. Mr. Look is also a member of the Statistics Advisory Board of the Government of the Hong Kong Special Administrative Region.

COMPANY SECRETARY

Dr. Li Oi Chun, Helen, aged 50, joined the Group in 1981. Dr. Li is currently the Group Company Secretary and Director of Corporate Logistics of the Group. She is in charge of the Group's investor relations, financial investment and global governance 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 in UK and a Master Degree in Marketing Management from the Macquarie University in Australia. Dr. Li also possesses professional qualification as a Chartered Secretary. She 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.

SENIOR MANAGEMENT

Ms. Lau Lee Fong, Rosa, aged 54, 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 53, joined the Group in 1983 and is the General Manager (China Institutional Catering). He is responsible for development and management of the Scanfoods Group of business and institutional catering business in the PRC. He is a graduate of Business Management Department, Baptist University.

Mr. Leung Cho Shing, aged 53, joined the Group in 1983 and is currently the General Manager of Shanghai Arena Catering Management Limited. He is responsible for development and management of 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.

China Central Food Processing Plant (Artist Impression)

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 creating more value to shareholders. The Board will continuously review and be committed to improving the Group's corporate governance practices and maintaining 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, 2009 save and except for the deviation from (i) 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 and; (ii) Code Provision C.2.2, which requires that the Board's annual review should consider the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

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

Since the Code Provision C.2.2 became effective on 1st January, 2009, the Board commences such annual review in the current financial year ending 31st March, 2010.

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. Save and except Mr. Look Guy, who was appointed as independent non-executive director of the Company with effect from 1st April, 2009, the Company, having made specific inquiries with all directors of the Company, has ensured that all directors have confirmed their compliance with the required standard set out in the Model Code during the year ended 31st March, 2009.

BOARD OF DIRECTORS

RESPONSIBILITIES OF THE BOARD

The primary responsibilities of the Board are to establish long term strategies and financial policies for the Group and to regularly review the Group's performance. The Board comprises eleven members, including four executive directors, three non-executive directors and four 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
Mr. Look Guy

Biographies, including relationships among members of the Board are set out in the "Biography of Directors and Senior Management" section on page 19 to 23 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 four 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 four 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, the independent non-executive directors make various contributions to the effective direction and strategic decision-making of the Group.

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 be fully aware of his responsibilities under the relevant applicable legal and regulatory requirements. The senior management and the Company Secretary will conduct such briefings as 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 the obligation to supply the Board and the Board committees with adequate information in a timely manner to enable them 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 inquiries and 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 meetings, reasonable notice will be given.

Directors are given opportunity to include matters in the agenda for regular Board meetings. 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 (other than Mr. Look Guy, who is appointed for the term until the forthcoming annual general meeting of the Company and is eligible for re-election) 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 aspects of its management and administration functions to management, clear directions are given as to the limits of the authority delegated to 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 requires the committees to report back on their decisions or recommendations.

NOMINATION COMMITTEE

The Board has established a Nomination Committee. The committee is 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 makes recommendations to the Board regarding any proposed changes.

Proposals for the appointment of a 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 their relevant strategic business areas and whose appointments would result in the constitution of a strong and diverse Board.

Two meetings of the Nomination Committee were held during the financial year ended 31st March, 2009 (with individual members' attendance as set out under the section of number of meetings and directors' attendance) to review the current size and composition of the Board, assess the independence of the independent non-executive directors and make recommendations on the re-election of Mr. Lo Hoi Kwong, Sunny, Mr. Lo Tang Seong, Victor, Mr. Hui Tung Wah, Samuel and Mr. Choi Ngai Min, Michael as Directors of the Company to be proposed for shareholders' approval at the last Annual General Meeting held on 17th September, 2008 as well as make recommendations to the Board to consider the appointment of Mr. Look Guy as independent non-executive director of the Company.

REMUNERATION COMMITTEE

The Company has 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.

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, 2009, one meeting of Remuneration Committee was held to consider the current director's fee level payable to the executive directors of the Company.

AUDIT COMMITTEE

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

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

During the financial year ended 31st March, 2009, two 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 requirements 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 system.

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 Meetings (NCM) and Annual General Meeting (AGM) held for the year ended 31st March, 2009 are set out below:

	Number of meetings attended/held For the year ended 31st March, 2009				
	BM	**ACM**	**RCM**	**NCM**	**AGM**
Executive Directors					
Mr. Chan Yue Kwong Michael *(Chairman)*	5/5	N/A	N/A	2/2	1/1
Mr. Lo Hoi Kwong, Sunny *(Managing Director)*	5/5	N/A	N/A	N/A	1/1
Ms. Lo Pik Ling, Anita	5/5	N/A	N/A	N/A	1/1
Mr. Lo Tak Shing, Peter	5/5	N/A	N/A	2/2	1/1
Non-executive Directors					
Mr. Lo Tang Seong, Victor	5/5	N/A	N/A	N/A	1/1
Mr. Lo Hoi Chun	5/5	N/A	1/1	2/2	1/1
Mr. Hui Tung Wah, Samuel	5/5	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Choi Ngai Min, Michael	5/5	2/2	1/1	2/2	1/1
Mr. Li Kwok Sing, Aubrey	4/5	2/2	1/1	2/2	1/1
Mr. Kwok Lam Kwong, Larry	5/5	2/2	1/1	N/A	0/1
Mr. Look Guy (appointed with effect from 1st April, 2009)	N/A	N/A	N/A	N/A	N/A

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 pages 51 to 52.

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	3,348
Non-audit services	93
Total:	3,441

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group 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, 2009.

Management recognizes the benefits from an internal control review conducted by external consultant – Deloitte Touche Tohmatsu and the Group's Internal Audit function under a co-sourcing arrangement in the last financial year. In current financial year, the co-sourcing project team has continued to be retained to review the Group's internal control system, working systems and workflows, as well as management systems. 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. Food quality system was the key focus in the review this year. 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. In addition to the internal control review, the co-sourcing project team assisted the Group in conducting control self-assessment exercise with selected business units outside Hong Kong to enhance internal control system of these business units.

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 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 Group in managing risks based on the management report and the findings performed by the external consultant.

Audit recommendations are tracked and followed up for proper implementation. Progress is reported to the management and Audit Committee on a regular basis.

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' RIGHTS

At the annual general meeting held on 17th September, 2008, 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.

INVESTOR 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 developments 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.

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 SOCIAL RESPONSIBILITY

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

HEALTH & SAFETY

The Group takes health and safety commitment towards our employees, customers and communities. Our health and safety policy has been reviewed and refined periodically aiming at achieving continual improvement. Periodical and operational safety training has been provided to those employees who are working in different environment. Since 2004, we have also developed a continual annual plan to deal with possible outbreak of Influenza.

General Health and Safety

Taking full account of our health and safety obligations towards our stakeholders, the Group has set up a Health and Safety Committee and a related policy since the 1990's to monitor all functional departments and shops in their adherence to the Factories and Industrial Undertakings Ordinance「工廠及工業經營條例」and Occupational Health and Safety Ordinance「職業安全及健康條例」. Regular meetings and enforcement of checking procedures, meetings review, inspection of all the safety and health measures being imposed by all Department and shops.

Café de Coral Centre

In compliance with the Factories and Industrial Undertakings (Safety Management) Regulation「工廠及工業經營(安全管理)規例」, the Group has implemented a comprehensive safety management system for our central food manufacturing plant and Group's head office that has been audited by external safety auditor since 2002 to assess, evaluate and improve our health and safety at work continuously. We have also implemented a work-station ergonometric assessment in order to evaluate possible office work-related illnesses.

Branches

A board range of health and safety promotional program has been implemented at all branches. For example, periodically reviewed Employee Health & Safety Handbook are dispatched to all new join staff. Health and safety poster and labels cited in alerting different types of hazards have been posted at kitchen and staff rest room at branch.

Awards

The Group has won different prizes in "Catering Industry Safety Award Scheme (2008/09)" (飲食業安全獎勵計劃) organized by Labour Department of Hong Kong. Furthermore, the Group has won the Silver (銀), Bronze (銅獎) and Meritorious Prizes in three different categories for "Group Safety Performance Awards" (集團安全表現獎) respectively according to their nature of business, namely, Fast Food Shops serving Western food (西式快餐店), Fast Food Shops serving Chinese and general categories of food (中式及一般快餐店) and Restaurants (Non-Chinese) (非中式餐館). The awards go to ***Oliver's Super Sandwiches, Café de Coral Fast Food and The Spaghetti House Restaurants***. Moreover, some of our employees have also won in the "Safe Worker Awards" (安全工友組) and "Supervisor Awards" (管理人員組).

WORK-LIFE BALANCE

The Group'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 suitable career paths and opportunities within the Group. 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 are held to exchange views with the management and obtain feedback from staff. The compensation and benefits policies are reviewed annually to meet relevant needs and enhance a sense of belonging.

Part of the Group's underlying principle in setting up human resources and welfare related policies is to balance the demands of employee work and family life. A series of benefit programmes has been developed with an aim to keep on improving the working condition of our employees in every aspect. These programmes include the adoption of alternate Saturday off work week for head office employees, launching of the "Quality Work Life Incentive Programme" (優質工作生活獎勵計劃), offering of Group Life Insurance and subsidized Hospitalization Insurance Plan and the long standing family leave benefits such as Paternity Leave and Compassionate Leave.

Apart from the fundamental employee benefits programmes, a staff wellness club (大家樂融融會) was formed in 2006 to help promote and coordinate all kinds of recreational activities for our employees.

Besides, Employees Assistance Programmes such as stress management classes and mental health seminars are offered from time to time to help our employees cope with the changing circumstances and needs at different stages of their lives. In mid 2008, the "Mental Health Association of Hong Kong" was appointed by our Group to organize "Mental Health First Aid Training" (心理健康急救課程) to our front-line employees. There were altogether 4 classes of training being delivered and around 100 employees had completed the courses successfully.

Hong Kong Central Food Processing Plant (Artist Impression)

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, 2009.

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 101 to 106.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 56.

The details of dividends for the year ended 31st March, 2009 are set out in Note 31 to the consolidated financial statements. An interim dividend of 15 HK cents per share together with a special dividend of 15 HK cents per share, totaling approximately HK$166,306,000 was paid on 13th January, 2009. The directors recommended the payment of a final dividend of 38 HK cents per share, totaling approximately HK$211,241,000.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 24 to the consolidated financial statements.

Distributable reserves of the Company as at 31st March, 2009 amounted to approximately HK$482,433,000.

PROPERTY, PLANT AND EQUIPMENT

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

PRINCIPAL INVESTMENT PROPERTIES

Details of the principal properties held for investment purposes are set out on page 145.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$106,000.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 23 to the consolidated 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 146 to 148.

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, 2009. 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.

SHARE OPTION SCHEMES *(Continued)*

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.

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	47,476,403 ordinary shares representing 8.54% of the issued share capital as at 8th July, 2009
Maximum entitlement of each participant	In any 12-month period shall not exceed 1% of the shares in issue

SHARE OPTION SCHEMES *(Continued)*

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
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

SHARE OPTION SCHEMES *(Continued)*

Outstanding Options Granted Under the Previous Scheme and the New Scheme

Details of the share options outstanding as at 31st March, 2009 which have been granted under the Previous Scheme and the New Scheme are as follows:

Type of grantees	Date of Grant	Options outstanding at 1st April, 2008	Granted during the year	Options exercised during the year	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 31st March, 2009
Executive Directors							
Mr. Chan Yue Kwong, Michael	1/11/2005[b]	1,500,000	–	(300,000)	–	–	1,200,000
	02/10/2007[b]	1,500,000	–	–	–	–	1,500,000
Mr. Lo Hoi Kwong, Sunny	1/11/2005[b]	2,000,000	–	(400,000)	–	–	1,600,000
	02/10/2007[b]	1,500,000	–	–	–	–	1,500,000
Ms. Lo Pik Ling, Anita	4/11/1999[a]	320,000	–	(80,000)	–	–	240,000
	02/10/2007[b]	450,000	–	–	–	–	450,000
Mr. Lo Tak Shing, Peter	4/11/1999[a]	70,000	–	(70,000)	–	–	–
	02/10/2007[b]	200,000	–	–	–	–	200,000
Continuous contract employees	4/11/1999[a]	496,000	–	(412,000)	–	–	84,000
	1/11/2005[b]	7,412,000	–	(1,518,000)	–	(60,000)	5,834,000
	02/10/2007[b]	18,280,000	–	(228,000)	–	(780,000)	17,272,000
		33,728,000	–	(3,008,000)	–	(840,000)	29,880,000

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$15.34 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$15.31.

(d) Under the New Scheme and in respect of the category of "Executive Directors", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK$15.28 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$15.56.

SHARE OPTION SCHEMES *(Continued)*

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

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

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

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

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
Mr. Look Guy (appointed on 1st April, 2009)

Other than Mr. Look Guy, 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. Look Guy is appointed for a term until the forthcoming annual general meeting and be eligible for re-election pursuant to 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-laws 109(A) and 100 of the Company's Bye-laws, Mr. Chan Yue Kwong, Michael, Ms. Lo Pik Ling, Anita, Mr. Lo Tak Shing, Peter, Mr. Kwok Lam Kwong, Larry and Mr. Look Guy 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, Mr. Kwok Lam Kwong, Larry and Mr. Look Guy, 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.

(ii) On 14th November, 2007, Café de Espressamente illy (HK) Limited ("Café de Espressamente illy"), a non wholly-owned subsidiary of the Company, entered into a Master Franchise Agreement with illycaffe SpA ("illy") for exclusive franchises to develop, open and operate outlets in Hong Kong and Macau (other than certain locations in Macau) for a period of ten years from the date of the agreement and be automatically renewed for another ten years unless otherwise notified by either party of its intention not to renew the same.

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

Café de Espressamente illy is a company owned by Vogue Asia Limited, being a wholly-owned subsidiary of the Company, and illycaffe Asia Pacific Limited ("illycaffe Asia Pacific") in the proportion of 70% and 30% respectively. illy is an associate of illycaffe Asia Pacific as defined under the Listing Rules where illycaffe Asia Pacific is a substantial shareholder of Café de Espressamente illy. Thus, the transactions contemplated under the Master Franchise Agreement constitute continuing connected transactions of the Company under the Listing Rules. Details of the transaction were disclosed in an announcement dated 14th November, 2007.

During the year ended 31st March, 2009, the amount paid or payable to illy or associate of illy did not exceed the annual cap of HK$35,000,000.

The independent non-executive directors of the Company reviewed the above continuing connected transactions and confirmed that the transactions have 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(s) governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditors to perform certain agreed-upon procedures in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed – Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants on the above continuing connected transactions on a sample basis. The auditors have, based on the work performed, provided a letter to the Directors of the Company stating that the transactions:

a. have been approved by the board of directors of the Company;

b. have been entered into in accordance with the relevant agreements governing the transaction; and

c. have not exceeded the cap amounts disclosed in previous announcements.

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 at 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, 2009, the interests of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange 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	*Notes*	**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)*	5,020,000	–	–	88,443,394	3,100,000	96,563,394	17.38%
Mr. Lo Tak Shing, Peter	*(c)*	210,000	–	–	87,626,213	200,000	88,036,213	15.85%
Mr. Lo Hoi Chun	*(d)*	132,000	–	–	67,880,834	–	68,012,834	12.24%
Ms. Lo Pik Ling, Anita	*(a)*	9,096,339	–	–	51,060,000	690,000	60,846,339	10.95%
Mr. Chan Yue Kwong, Michael	*(a) & (e)*	5,421,407	1,189,400	–	51,060,000	2,700,000	60,370,807	10.87%
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		–	–	–	–	–	–	–
Mr. Look Guy (appointed on 1st April, 2009)		N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

(Continued)

Notes:

(a) 51,060,000 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 RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited") which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter was deemed to be interested by virtue of being beneficiary of one of the family trusts.

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

		Number of ordinary shares (long position)					
Name of shareholder	*Notes*	**Personal interests**	**Family interests**	**Corporate interests**	**Trusts and similar interests**	**Total interests**	**% of total issued shares**
GZ Trust Corporation	*(a)*	–	–	–	118,940,834	118,940,834	21.41%
Wandels Investment Limited	*(b)*	–	–	–	87,626,213	87,626,213	15.77%
Sky Bright International Limited	*(b)*	–	–	–	87,626,213	87,626,213	15.77%
Verdant Success Holdings Limited	*(b)*	–	–	–	87,626,213	87,626,213	15.77%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	*(b)*	–	–	–	87,626,213	87,626,213	15.77%
Mr. Man Tak Wah	*(c)*	–	60,846,339	–	–	60,846,339	10.95%
Ms. Tso Po Ping	*(d)*	–	45,503,394	–	–	45,503,394	8.19%
Ardley Enterprises Limited	*(e)*	–	–	–	37,383,394	37,383,394	6.73%
Ms. Man Bo King	*(f)*	–	36,101,133	–	–	36,101,133	6.50%
LBK Holding Corporation	*(g)*	–	–	–	35,969,133	35,969,133	6.47%
MMW Holding Corporation	*(h)*	–	–	–	31,911,701	31,911,701	5.74%
Capital Research and Management Company	*(i)*	35,350,000	–	–	–	35,350,000	6.36%
Commonwealth Bank of Australia	*(j)*	38,884,000	–	–	–	38,884,000	7.00%

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 RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited") which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter, being a director of the Company, is also deemed to be interested by virtue of his being beneficiary of one of the family trusts.

(c) Mr. Man Tak Wah was deemed to be interested through the interests of his spouse, Ms. Lo Pik Ling, Anita (of which 690,000 shares were interests in underlying shares).

(d) Ms. Tso Po Ping was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Kwong, Sunny (of which 3,100,000 shares were interests in underlying shares).

(e) 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.

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

(g) 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.

(h) 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.

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

(j) These interests were interests of corporations controlled by Commonwealth Bank of Australia.

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, 2009, 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, 2009, 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 consolidated 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, 8th July, 2009

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 53 to 144, which comprise the consolidated and the company balance sheets as at 31st March, 2009, 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, 2009 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, 8th July, 2009

Consolidated Balance Sheet

As at 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**340,921**	347,960
Property, plant and equipment	7	**633,301**	564,488
Investment properties	8	**230,800**	202,700
Intangible assets	9	**166,053**	234,912
Investments in associates	11	**6,239**	7,059
Investments in jointly controlled entities	12	**34,521**	33,604
Available-for-sale financial assets	13	**199,590**	293,707
Held-to-maturity financial assets	14	**–**	1,018
Deferred income tax assets	21	**19,974**	15,615
Non-current deposits	15	**152,218**	123,034
Retirement benefit assets	20	**–**	14,104
		1,783,617	1,838,201
Current assets			
Inventories	16	**100,295**	94,881
Trade and other receivables	17	**58,823**	46,968
Prepayments, deposits and other current assets	17	**96,822**	87,006
Financial assets at fair value through profit or loss	18	**37,023**	134,142
Cash and cash equivalents	19	**894,369**	733,298
		1,187,332	1,096,295
Total assets		**2,970,949**	2,934,496
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	23	**55,558**	55,257
Other reserves	24	**541,940**	590,087
Retained earnings	24		
– Proposed dividends		**211,241**	193,643
– Others		**1,566,356**	1,546,015
		2,375,095	2,385,002
Minority interest		**2,098**	2,386
Total equity		**2,377,193**	2,387,388

Consolidated Balance Sheet

As at 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*21*	**57,752**	64,884
Provision for long service payments	*20*	**15,512**	6,311
Retirement benefit liabilities	*20*	**20,176**	–
		93,440	71,195
Current liabilities			
Trade payables	*22*	**117,601**	112,766
Other creditors and accrued liabilities		**348,738**	328,808
Current income tax liabilities		**33,977**	34,339
		500,316	475,913
Total liabilities		**593,756**	547,108
Total equity and liabilities		**2,970,949**	2,934,496
Net current assets		**687,016**	620,382
Total assets less current liabilities		**2,470,633**	2,458,583

Approved by the Board of Directors on 8th July, 2009 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 59 to 144 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*10*	**875,328**	792,054
Current assets			
Prepayments, deposits and other current assets		**459**	10
Cash and cash equivalents	*19*	**100**	519
		559	529
Total assets		**875,887**	792,583
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*23*	**55,558**	55,257
Other reserves	*24*	**432,309**	385,103
Retained earnings	*24*		
– Proposed dividends		**211,241**	193,643
– Others		**176,725**	158,554
Total equity		**875,833**	792,557
LIABILITIES			
Current liabilities			
Other creditors and accrued liabilities		**54**	26
Total equity and liabilities		**875,887**	792,583
Net current assets		**505**	503
Total assets less current liabilities		**875,833**	792,557

Approved by the Board of Directors on 8th July, 2009 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 59 to 144 are an integral part of these consolidated financial statements.

Consolidated Income Statement

– By Function Of Expense

For the year ended 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	25	**4,673,609**	4,283,586
Cost of sales	27	**(3,916,966)**	(3,585,428)
Gross profit		**756,643**	698,158
Other gains, net	26	**21,929**	23,355
Administrative expenses	27	**(256,896)**	(240,838)
Operating profit		**521,676**	480,675
Finance income	28	**18,425**	31,278
Share of profit of associates		**2,262**	2,442
Share of loss of jointly controlled entities		**(256)**	(791)
Profit before income tax		**542,107**	513,604
Income tax expense	29	**(100,529)**	(93,370)
Profit for the year	30	**441,578**	420,234
Allocated as:			
Loss attributable to minority interest		**(288)**	–
Profit attributable to equity holders of the Company		**441,866**	420,234
Dividends	31	**377,547**	276,265
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic	32	**79.77 HK cents**	76.36 HK cents
– Diluted	32	**79.25 HK cents**	75.65 HK cents

The notes on pages 59 to 144 are an integral part of these consolidated financial statements.

Consolidated Statement of Recognised Income and Expense

For the year ended 31st March, 2009

	2009 HK$'000	2008 HK$'000
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	**(27,606)**	42,853
Actuarial losses on retirement benefit obligation recognised in reserve	**(49,561)**	(24,942)
Deferred income tax effect on actuarial losses of retirement benefit obligation recognised in reserve	**8,177**	4,365
Fair value (losses)/gains on available-for-sale financial assets	**(67,956)**	143,414
Net (expense)/income recognised directly in equity	**(136,946)**	165,690
Profit for the year	**441,578**	420,234
Total recognised income for the year	**304,632**	585,924
Attributable to:		
– Equity holders of the Company	**304,920**	585,924
– Minority interest	**(288)**	–
	304,632	585,924

The notes on pages 59 to 144 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Cash generated from operations	*34(a)*	**750,644**	624,927
Hong Kong profits tax paid		**(86,500)**	(75,798)
Overseas taxation paid		**(12,103)**	(11,188)
Net cash generated from operating activities		**652,041**	537,941
Cash flows from investing activities			
Purchase of property, plant and equipment		**(242,456)**	(219,384)
Purchase of investment properties		**–**	(62,600)
Purchase of leasehold land and land use rights		**–**	(44,687)
Proceeds from disposals of property, plant and equipment and leasehold land	*34(b)*	**14,463**	33,634
Repayment from/(advance to) associates		**942**	(1,200)
Dividend received from associates		**2,140**	940
Dividend received from listed investments		**11,379**	6,445
Purchase of available-for-sale financial assets		**(12,563)**	(31,941)
Proceeds from redemption/disposal of available-for-sale financial assets		**42,987**	148,974
Proceeds from redemption of held-to-maturity financial assets		**1,018**	7,819
Interest received		**18,425**	31,278
Net cash used in investing activities		**(163,665)**	(130,722)
Cash flows from financing activities			
Net proceeds from issue of shares upon exercise of share options		**24,673**	30,441
Investment contributed by a minority shareholder		**–**	2,386
Distribution to a minority shareholder		**(2,548)**	–
Dividends paid		**(360,240)**	(247,865)
Net cash used in financing activities		**(338,115)**	(215,038)
Net increase in cash and cash equivalents		**150,261**	192,181
Cash and cash equivalents at beginning of the year		**733,298**	546,655
Effect of foreign exchange rate changes		**10,810**	(5,538)
Cash and cash equivalents at end of the year	*19*	**894,369**	733,298

The notes on pages 59 to 144 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 8th July, 2009.

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 the Company 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 value.

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*.

Certain prior year comparatives have been reclassified to conform with the current year's presentation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *Amendments and interpretations to standards that are effective in current year*

- HK(IFRIC) – Int 12, "Service concession arrangements"

- HK(IFRIC) – Int 14, "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"

- Amendments to HKAS 39 and HKFRS 7, "Reclassification of financial assets"

Directors are of the opinion that the adoption of the above amendments and interpretations to standards does not have significant impact to the Group's results of operations and financial position.

(b) *Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group*

- HKAS 1 (Revised), "Presentation of financial statements" (effective for annual periods beginning on or after 1st January, 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1st April, 2009;

- HKAS 23 (Amendment), "Borrowing costs" (effective for annual periods beginning on or after 1st January, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amendment) from 1st April, 2009;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) ***Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group*** *(Continued)*

- HKAS 27 (Revised) "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1st July, 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1st April, 2010;

- HKAS 32 (Amendment), "Financial instruments: Presentation", and HKAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effect for annual periods beginning on or after 1st January, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the HKAS 32 (Amendment) and HKAS 1 (Amendment) from 1st April, 2009, but it is not expected to have any impact on the Group's financial statements;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) ***Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group*** *(Continued)*

- HKFRS 2 Amendment "Share-based payment vesting conditions and cancellations" (effective for annual periods beginning on or after 1st January, 2009). The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements;

- HKFRS 3 (Revised) "Business combinations" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1st April, 2010;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group *(Continued)*

- HKFRS 8, "Operating segments" (effective for annual periods beginning on or after 1st January, 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1st April, 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker;

- HK(IFRIC) – Int 9 and HKAS 39 (Amendment), "Reassessment of embedded derivatives" (effective for annual periods on or after 30th June, 2009). This amendment relates to embedded derivatives are assessed for separation from the host contract when the entity becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in terms that significantly modifies the cash flows that otherwise would be required under the contract. The Group will apply this amendment from 1st April, 2010, but it is not expected to have any significant impact on the Group's financial statements, and

- HK(IFRIC) — Int 13, "Customer loyalty programmes" (effective for annual periods beginning on or after 1st July, 2008). HK(IFRIC) — Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply HK(IFRIC) — Int 13 from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) The following amendments and interpretations to standards have not yet been effective and not relevant for the Group's operations

- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement" – "Eligible hedged items" (effective for annual periods beginning on or after 1st July, 2009);

- HKFRS 1 (Amendment), "First time adoption of HKFRS" and HKAS 27 "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1st July, 2009);

- HK(IFRIC) – Int 15, "Agreements for the construction of real estate" (effective for annual periods beginning on or after 1st January, 2009);

- HK(IFRIC) – Int 16, "Hedges of a net investment in a foreign operation" (effective for annual periods beginning on or after 1st October, 2008);

- HK(IFRIC) – Int 17, "Distributions of non-cash assets to owners" (effective for annual periods beginning on or after 1st July, 2009); and

- HK(IFRIC) – Int 18, "Transfers of assets from customers" (effective for transfers of assets from customers received on or after 1st July, 2009).

In addition, Hong Kong Institute of Certified Public Accountants also published a number of amendments for the existing standards under its improvement projects. These amendments are also not expected to have a significant financial impact to the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 2.9)*. 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 consolidated 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 in the consolidated financial statements 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 for by the Company on the basis of dividends received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(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 using 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 consolidated 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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests 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 in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(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.

Investments in jointly controlled entities are accounted for by using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated 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.

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the Group's presentation currency.

(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 the 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 investment reserve in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated 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

Leasehold land and land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for rights to use the land on which various plants and buildings are situated. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment

The property, plant and equipment, except for freehold land, are stated at historical cost less accumulated depreciation and impairment losses. Freehold land is stated at historical cost less accumulated 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 costs are expensed in the income statement during the financial period in which they are incurred.

No provision for depreciation is made on freehold land. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs 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.

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 2.10)*.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Construction in progress

Construction in progress represents buildings, plant and machinery, furniture and fixtures, office equipment and leasehold improvements under construction. Construction in progress is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in *Note 2.6*.

2.8 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 finance 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 and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Investment properties *(Continued)*

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 income statement.

2.9 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 or 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 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 and impairment losses. Amortisation is calculated using the straight-line method to allocate costs of other intangible assets over their estimated useful lives of 9 to 20 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 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 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). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 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 financial assets 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 2.13)*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

(c) *Held-to-maturity financial assets*

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 financial assets. 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.

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 and held-to-maturity financial assets 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 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 when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale financial assets 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 the income statement; 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 financial assets 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.

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 financial assets, 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 and other receivables is described in *Note 2.13*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 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 inventories 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.

2.13 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 are considered indicators that the 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 asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivable. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 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.

2.16 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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 asset 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, associates 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable 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.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. 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 of the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Revenue recognition *(Continued)*

(i) Sales of food and beverages

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

(ii) Rental income

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

(iii) Royalty and franchise income

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

(iv) Management and service fee income

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

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(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

The Group operates 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.

The liability or asset 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(iii) Pension obligations (Continued)

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

Past-service costs are recognised immediately in the income statement, 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 services 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 the income statement, in the statement of recognised income and expense.

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 (as the lessee)

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 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: market risk (including foreign exchange risk, interest rate risk and price 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.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong, Mainland China and North America and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Chinese Renminbi ("RMB"), United States ("US") dollar and Canadian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, directors are of the opinion that the Group's volatility against changes in exchange rates of foreign currencies would not be significant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Interest rate risk

The Group has no significant interest-bearing assets except for bank deposits and debt securities, the income and operating cash flows of which are substantially independent of changes in market interest rates.

Interest rate risk mainly arises from bank deposits and debt securities at variable interest rate which are subject to cash flow interest rate risk. The directors are of the opinion that any reasonable changes in interest rates would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented for interest rate risk.

(c) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or financial assets at fair value through profit or loss. The Group has not mitigated its price risk arising from these financial assets.

For the Group's financial assets that are publicly traded, the fair value is determined with reference to quoted market prices. For the Group's financial assets that are not publicly traded, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

As at 31st March, 2009, if the price of the listed securities has increased/decreased by 12% with all other variables held constant, the Group's other gains would have increased/decreased by HK$184,000 (2008: HK$641,000 arising from the financial assets at fair value through profit or loss and the investment reserve would have increased/decreased by HK$22,788,000 (2008: HK$29,147,000) arising from the available-for-sale financial assets.

(d) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from bank balances and deposits, rental deposits, debt securities and trade and other receivables. The carrying amount of these balances in the balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(d) Credit risk (Continued)

Majority of the Group's bank balances and deposits are placed in those banks and financial institutions which are independently rated with a high credit rating. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

The credit quality of the landlords and debtors is assessed based on its financial position, past experience and other factors. The Group has policies in place to ensure rental deposits are placed to landlords with appropriate credit histories and credit terms are granted to reliable debtors. The Group's historical experience in collection of deposits and receivables falls within recorded allowance and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

There is no concentration of credit risk as the Group's bank balances and deposits were mainly deposited in over ten financial institutions, and the Group has large number of counterparties for rental deposits, trade and other receivables. Management does not expect any losses from non-performance by these financial institutions and counterparties.

(e) 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.

The Group's primary cash requirements have been for payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short and long-term.

As at 31st March, 2009, all of the Group's financial liabilities were due within 12 months and equal their carrying amounts as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is calculated as "capital and reserves attributable to the equity holders of the Company" less total borrowings, if any. Management considers that the Group's capital risk is minimal as there is no borrowing as at 31st March, 2008 and 31st March, 2009.

3.3 Fair value estimation

The fair value of financial assets traded in active markets (such as financial assets at fair value through profit or loss and available-for-sale financial assets) 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 fair values of the financial assets and derivative financial instruments not traded in an active market are determined by counterparty financial institutions using a variety of valuation methodologies, models and assumptions mainly based on market conditions existing at each balance sheet date.

The carrying values less impairment provision of trade and other 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 in accordance with the accounting policy stated in *Note 2.9*. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell calculations. These calculations require the use of estimates *(Note 9)*.

An impairment charge of HK$14,138,000 has been made to the goodwill relating to the CGU in the North America during the year. If the revenue growth rate (beyond five years) had been 1% lower and the discount rate had been 1% higher than the management's estimates, the Group would have to recognise a further impairment against goodwill by HK$15,518,000.

(b) Impairment of property, plant and equipment, leasehold land and land use rights and intangible assets (other than goodwill)

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 the higher of value-in-use calculations or fair value less costs to sell calculations. 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 and 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

(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 (other than goodwill). The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets (other than goodwill) 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 affect the depreciation and amortisation charges in future periods.

(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 provisions in the period in which such determination is made.

5 SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

At 31st March, 2009, 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, 2009, based on location of customers, are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment revenues				
Total segment revenue	3,934,209	588,041	248,245	4,770,495
Inter-segment revenue *(Note i)*	(2,702)	(94,184)	–	(96,886)
Revenue	3,931,507	493,857	248,245	4,673,609
Segment result	507,176	38,970	(18,299)	527,847
Other losses, net	(6,171)	–	–	(6,171)
Finance income	16,954	948	523	18,425
Share of profit of associates	2,262	–	–	2,262
Share of loss of jointly controlled entities	–	(256)	–	(256)
Profit before income tax				542,107
Income tax expense				(100,529)
Profit for the year				441,578

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, 2009			
	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation *(Note 7)*	**118,411**	**25,443**	**8,479**	**152,333**
Amortisation of intangible assets *(Note 9)*	**2,704**	**–**	**8,398**	**11,102**
Amortisation of leasehold land and land use rights *(Note 6)*	**5,898**	**1,523**	**–**	**7,421**
Net loss on disposal of property, plant and equipment and leasehold land *(Note 27)*	**1,247**	**427**	**1,522**	**3,196**
Net gain on disposal of restaurants *(Note 27)*	**–**	**–**	**(2,521)**	**(2,521)**
Impairment of goodwill *(Note 9)*	**–**	**–**	**14,138**	**14,138**

5 SEGMENT INFORMATION *(Continued)*

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

The segment assets and liabilities, based on location of customers, at 31st March, 2009 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	1,944,621	444,977	284,004	2,673,602
Associated companies	6,239	–	–	6,239
Jointly controlled entities	–	34,521	–	34,521
	1,950,860	479,498	284,004	2,714,362
Unallocated assets				256,587
Total assets				2,970,949
Segment liabilities	396,056	75,673	30,298	502,027
Unallocated liabilities				91,729
Total liabilities				593,756
Capital expenditure	145,479	92,810	4,167	242,456

(i) Inter-segment transactions were entered into under the normal commercial terms and conditions.

5 SEGMENT INFORMATION *(Continued)*

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

The segment results for the year ended 31st March, 2008, based on location of customers, are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment revenues				
Total segment revenue	3,593,370	440,913	320,950	4,355,233
Inter-segment revenue	(1,536)	(70,111)	–	(71,647)
Revenue	3,591,834	370,802	320,950	4,283,586
Segment result	456,815	43,037	(24,132)	475,720
Other gains, net	4,955	–	–	4,955
Finance income	30,140	764	374	31,278
Share of profit of associates	2,442	–	–	2,442
Share of loss of jointly controlled entities	–	(791)	–	(791)
Profit before income tax				513,604
Income tax expense				(93,370)
Profit for the year				420,234

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, 2008			
	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation *(Note 7)*	119,373	20,482	12,820	152,675
Amortisation of intangible assets *(Note 9)*	2,703	–	8,810	11,513
Amortisation of leasehold land and land use rights *(Note 6)*	5,319	1,959	–	7,278
Impairment of property, plant and equipment *(Note 7)*	–	–	1,267	1,267
Net (gain)/loss on disposal of property, plant and equipment and leasehold land *(Note 27)*	(927)	189	9,936	9,198

5 SEGMENT INFORMATION *(Continued)*

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

The segment assets and liabilities, based on location of customers, at 31st March, 2008 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	1,764,468	372,386	312,497	2,449,351
Associated companies	7,059	–	–	7,059
Jointly controlled entities	–	33,604	–	33,604
	1,771,527	405,990	312,497	2,490,014
Unallocated assets				444,482
Total assets				2,934,496
Segment liabilities	338,278	60,503	49,104	447,885
Unallocated liabilities				99,223
Total liabilities				547,108
Capital expenditure	235,760	64,535	26,376	326,671

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

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise current and deferred income tax liabilities.

Capital expenditure comprises additions to leasehold land and land use rights *(Note 6)*, property, plant and equipment *(Note 7)* and investment properties *(Note 8)*.

5 SEGMENT INFORMATION *(Continued)*

(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	
	2009	2008
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**83,726**	84,933
Leases of between 10 to 50 years	**211,008**	215,699
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**46,187**	47,328
	340,921	347,960

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**347,960**	308,788
Additions	**–**	44,687
Amortisation of leasehold land and land use rights	**(7,421)**	(7,278)
Exchange differences	**382**	858
Disposals	**–**	(28,865)
Transfer from investment properties	**–**	29,770
End of the year	**340,921**	347,960

Amortisation expense of HK$7,421,000 (2008: HK$7,278,000) has been included in cost of sales.

7 PROPERTY, PLANT AND EQUIPMENT

	Group				
	Freehold land and buildings (Note b) HK$'000	Leasehold improvements HK$'000	Furniture, restaurant and other equipment HK$'000	Construction-in-progress HK$'000	Total HK$'000
At 1st April, 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
Year ended 31st March, 2008					
Opening net book amount	77,056	128,763	286,159	–	491,978
Additions	1,166	118,943	98,837	438	219,384
Disposals	(549)	(4,925)	(8,493)	–	(13,967)
Depreciation	(2,335)	(46,281)	(104,059)	–	(152,675)
Exchange differences	1,101	10,049	6,155	–	17,305
Transfer from investment properties	3,730	–	–	–	3,730
Provision for impairment	–	(965)	(302)	–	(1,267)
Closing net book amount	80,169	205,584	278,297	438	564,488
At 31st March, 2008					
Cost	113,419	528,944	1,144,118	438	1,786,919
Accumulated depreciation and impairment	(33,250)	(323,360)	(865,821)	–	(1,222,431)
Net book amount	80,169	205,584	278,297	438	564,488
Year ended 31st March, 2009					
Opening net book amount	80,169	205,584	278,297	438	564,488
Additions	613	102,733	109,215	29,895	242,456
Disposals	–	(7,597)	(4,568)	–	(12,165)
Depreciation	(3,049)	(57,219)	(92,065)	–	(152,333)
Exchange differences	206	(4,892)	(4,463)	4	(9,145)
Closing net book amount	77,939	238,609	286,416	30,337	633,301
At 31st March, 2009					
Cost	114,363	563,846	1,152,838	30,337	1,861,384
Accumulated depreciation and impairment	(36,424)	(325,237)	(866,422)	–	(1,228,083)
Net book amount	77,939	238,609	286,416	30,337	633,301

(a) Depreciation expenses of HK$141,631,000 (2008: HK$144,556,000) and HK$10,702,000 (2008: HK$8,119,000) have been included in cost of sales and administrative expenses, respectively.

(b) The freehold land of HK$14,811,000 (2008: HK$14,811,000) held by the Group was situated outside Hong Kong.

8 INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**202,700**	155,200
Additions	**–**	62,600
Fair value gains	**28,100**	18,400
Transfer to property, plant and equipment and leasehold land and land use rights	**–**	(33,500)
End of the year	**230,800**	202,700

The investment properties were revalued at 31st March, 2009 by CB Richard Ellis Limited, an independent professionally qualified valuer. 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	
	2009	2008
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**137,400**	128,500
Leases of between 10 to 50 years	**93,400**	74,200
	230,800	202,700

9 INTANGIBLE ASSETS

	Group		
	Goodwill *HK$'000*	**Other intangible assets** *HK$'000*	**Total** *HK$'000*
At 1st April, 2007			
Cost	103,551	173,117	276,668
Accumulated amortisation	–	(63,600)	(63,600)
Closing net book amount	103,551	109,517	213,068
Year ended 31st March, 2008			
Opening net book amount	103,551	109,517	213,068
Amortisation expense	–	(11,513)	(11,513)
Exchange differences	17,149	16,208	33,357
Closing net book amount	120,700	114,212	234,912
At 31st March, 2008			
Cost	120,700	191,271	311,971
Accumulated amortisation	–	(77,059)	(77,059)
Closing net book amount	120,700	114,212	234,912
Year ended 31st March, 2009			
Opening net book amount	120,700	114,212	234,912
Amortisation expense	–	(11,102)	(11,102)
Disposal	(2,973)	–	(2,973)
Provision for impairment	(14,138)	–	(14,138)
Exchange differences	(22,024)	(18,622)	(40,646)
Closing net book amount	81,565	84,488	166,053
At 31st March, 2009			
Cost	95,703	167,438	263,141
Accumulated amortisation and impairment losses	(14,138)	(82,950)	(97,088)
Closing net book amount	81,565	84,488	166,053

9 INTANGIBLE ASSETS *(Continued)*

Notes:

(a) Amortisation expense of HK$11,102,000 (2008: HK$11,513,000) and goodwill impairment charge of HK$14,138,000 (2008: Nil) have been included in administrative expenses.

(b) Other intangible assets represent trademarks and franchise rights which have definite useful lives of 9 to 20 years.

(c) Impairment tests for goodwill

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.

	2009 **HK$'000**	2008 HK$'000
North America	**80,459**	119,594
Hong Kong and Mainland China *(Note a)*	**6,710**	6,710
	87,169	126,304

Note a: Goodwill relating to a CGU identified in Mainland China of HK$5,604,000 (2008: HK$5,604,000) was included in investments in jointly controlled entities *(Note 12)*.

The recoverable amounts of CGUs are determined based on fair value less costs to sell calculations. For the calculation relating to the North American CGU, the calculation includes estimates of enterprise values of the CGU by incorporating the market earnings and revenue multiples of comparable companies; and discounted cash flow method using the cash flow projections based on financial budgets approved by management covering a five-year period. The recoverable amount of the CGU is derived from the weighted average values determined by the market and income approaches. The calculations relating to the CGUs in Hong Kong and Mainland China use cash flow projections based on financial budgets approved by management covering a five-year period.

9 INTANGIBLE ASSETS *(Continued)*

(c) Impairment tests for goodwill *(Continued)*

The key assumptions used for fair value less costs to sell calculations for CGUs are as follows:

	North America
– Enterprise value ("EV")/ Earnings before interest, tax, depreciation, and amortisation ("EBITDA") multiple	Based on market multiples of comparable companies adjusted by differences in expected growth rate and risk level of the CGU and the comparable companies
– EV/Revenue multiple	Based on market multiples of comparable companies adjusted by differences in expected growth rate, risk level and profitability of the CGU and the comparable companies

	North America	Hong Kong and Mainland China
– Budgeted revenue growth rate (five-year period)		
– Corporate revenue	Average growth rate of 3% per annum	Average growth rate of 8% per annum
– Franchise revenue	Average growth rate of 10% per annum	N/A
– Revenue growth rate (beyond five years)	2%	2%
– Discount rate	14%	11%

Management determined budgeted revenue growth rate based on past performance and its expectation for the market development. The growth rates used to extrapolate cash flows beyond the budget period do not exceed the long-term average growth rate for the businesses in which the CGUs operate.

The Group recognised an impairment charge of approximately HK$14,138,000 for the goodwill relating to the CGU in the North America as a result of the impairment assessment performed.

10 INVESTMENTS IN SUBSIDIARIES – COMPANY

	2009 HK$'000	2008 HK$'000
Unlisted investments, at cost	**331,802**	331,802
Amounts due from subsidiaries	**543,526**	460,252
	875,328	792,054

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 investments 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, 2009.

The following is a list of the principal subsidiaries as at 31st March, 2009:

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered 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
Bravo le Café Limited	Hong Kong	HK$2	Ordinary	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2009: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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 People's Republic of China ("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
Café de Espressamente illy (HK) Limited	Hong Kong	HK$10,000	Ordinary	70%	Catering
Charley's Chicken Limited	Hong Kong	HK$2	Ordinary	100%	Catering
China Inn Restaurants, Inc.	The United States of America	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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2009: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Diners Court Management Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Dongguan Asia Pacific Catering Company Limited	The PRC	HK$7,400,000	–	100%	Catering
Dongguan Continental Foods Limited	The PRC	RMB27,330,000	–	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
Fine Regent Hong Kong Limited	Hong Kong	HK$1	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
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 Catering Management Limited	The PRC	HK$2,000,000	–	100%	Catering consultancy
Guangzhou Asia Pacific Catering Company Limited	The PRC	HK$16,000,000	–	100%	Catering
Guangzhou Café de Coral Foods Limited	The PRC	US$17,000,000	–	100%	Food processing

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2009: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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
Jetstar Universal Limited	Hong Kong	HK$1	Ordinary	100%	Catering
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
Kamstar International Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Kolink Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Leasing of premises space
Luckyview Enterprises Limited	Hong Kong	HK$1	Ordinary	100%	Investment holding
Manchu Wok (Canada) Inc.	Canada	C$5,740,000	Common	100%	Fast food chains
Manchu Wok Enterprises Inc.	Canada (incorporation)/ The United States of America and Canada (operation)	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 (incorporation)/ The United States of America and Canada (operation)	US$2,100,000 C$100,000	Class B[3] Class C[4]	100% 100%	Investment holding
Manchu Wok (U.S.A.), Inc.	The United States of America	US$5,180,100	Common	100%	Fast food chains

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2009: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Perfect Plan International Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Regal Universal Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Scanfoods Limited	Hong Kong	HK$2,100,000	Ordinary	100%	Food trading
Shenzhen Asia Catering Management Limited	The PRC	HK$2,000,000	–	100%	Catering consultancy
Shenzhen Café de Coral Catering Company Limited	The PRC	HK$12,000,000	–	100%	Catering
Shenzhen Prime Deal Catering Company Limited	The PRC	HK$7,700,000	–	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)
Silver Weal Enterprises Limited	Hong Kong	HK$1	Ordinary	100%	Catering
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
Uwin Hong Kong Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Very Nice Fast Food Limited	Hong Kong	HK$17,025,000 HK$5,675,000	Class A[5] Class B[5]	100% 100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2009: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Vogue Asia Limited	Hong Kong	HK$1	Ordinary	100%	Investment holding
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
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[6] Class B[7]	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 These 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 These 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 These class C shares are voting participating shares and are subject to the prior rights of the Class A and Class B shares.

5 The right to nominate directors is different between holders of Class A and Class B shares.

6 These class A shares are voting participating shares.

7 These class B shares are non-voting shares.

11 INVESTMENTS IN ASSOCIATES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Share of net assets	**4,923**	4,801
Due from associates *(note b)*	**1,316**	2,258
	6,239	7,059

(a) Details of associates as at 31st March, 2009 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 restaurants	Ordinary shares of HK$1 each	20%

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

(c) The directors are of the opinion that the underlying values of the associates were not less than their carrying amounts as at 31st March, 2009.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Share of net assets	**28,917**	28,000
Goodwill on acquisition of jointly controlled entities *(Note 9)*	**5,604**	5,604
	34,521	33,604

(a) Details of jointly controlled entities as at 31st March, 2009 are as follows:

Name	**Place of establishment and operations**	**Principal activities**	**Interest held indirectly**
Café de New Asia Group Co., Limited ("CNAG")	The PRC	Operation of restaurants	50%
Xian Scanfoods Zhaolong Foods Company Limited	The PRC	Food manufacturing; it commenced liquidation during the year	60%

(b) The directors are of the opinion that the underlying values of the jointly controlled entities were not less than their carrying amounts as at 31st March, 2009.

(c) On 9th February 2009, the Group entered into an agreement with CNAG to acquire six restaurants owned by CNAG at an aggregate consideration of approximately RMB5 million.

(d) Pursuant to an agreement entered into between the Group and the joint venture partner (the "JV Partner") of CNAG on 9th February, 2009, the Group agreed to dispose of its 25% interests in CNAG to the JV Partner at a consideration of approximately RMB12 million. Such consideration was based on a valuation performed by an independent qualified valuer on 30th June, 2008 (the "Valuation Date") and will be subject to adjustment according to the share of profit or loss of CNAG during the period from the Valuation Date to the date of completion of the agreement. Such transaction has not yet been completed as at 31st March, 2009.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**293,707**	267,398
Additions	**17,217**	31,941
Redemptions/disposals	**(43,378)**	(148,974)
Fair value (losses)/gains recognised in reserve	**(67,956)**	143,414
Exchange differences	**–**	(72)
End of the year	**199,590**	293,707

Available-for-sale financial assets include the following:

	Group	
	2009	2008
	HK$'000	*HK$'000*
– Unlisted debt securities with interest rates ranging from 4% to 5% per annum, and with maturity dates between 2 and 10 years	**9,688**	50,254
– Listed investments	**189,902**	242,888
– Others	**–**	565
	199,590	293,707
Market value of listed securities	**189,902**	242,888

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
– US dollar	**9,688**	50,819
– HK dollar	**189,902**	242,888
	199,590	293,707

The fair values of the unlisted debt securities are based on option pricing model. The fair values of the listed investments are based on their current bid prices in an active market.

14 HELD-TO-MATURITY FINANCIAL ASSETS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**1,018**	8,837
Redemption	**(1,018)**	(7,819)
End of the year	**–**	1,018

	2009	2008
	HK$'000	*HK$'000*
Held-to-maturity financial assets include the following:		
– Listed debt securities at amortised cost	**–**	1,018
Market value of listed debt securities	**–**	1,006

Held-to-maturity financial assets were denominated in HK dollar.

15 NON-CURRENT DEPOSITS

Non-current deposits mainly comprise rental and utility deposits.

Substantially all of the non-current deposits are denominated in HK dollar.

16 INVENTORIES

Inventories mainly comprise 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$1,508,711,000 (2008: HK$1,342,008,000).

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**19,137**	20,986
Less: provision for impairment of receivables	**(891)**	(589)
Trade receivables – net	**18,246**	20,397
Other receivables	**40,577**	26,571
	58,823	46,968
Prepayments	**88,414**	71,849
Deposits	**8,408**	15,157
	96,822	87,006
	155,645	133,974

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.

The ageing analysis of trade receivables is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**15,079**	12,001
31 – 60 days	**3,219**	6,275
61 – 90 days	**99**	1,495
Over 90 days	**740**	1,215
	19,137	20,986

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS *(Continued)*

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**589**	3,347
Provision for receivable impairment	**498**	3,616
Receivables written off during the year	**(191)**	(6,163)
Exchange difference	**(5)**	(211)
End of the year	**891**	589

The creation and release of provision for impairment receivables have been included in administrative expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The directors are of the opinion that adequate provision for uncollectible trade receivables has been made in the consolidated financial statements.

Trade receivables that are less than 90 days past due are not considered as impaired. As of 31st March, 2009, trade receivables of HK$740,000 (2008: HK$3,144,000) were past due but not impaired. Substantially all of these trade receivables were aged less than 120 days. These relates to a number of independent customers for whom there is no recent history of default. The Group did not hold any collateral as security.

The credit quality of trade and other receivables and deposits that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have significant defaults in the past.

The carrying amounts of trade and other receivables, deposits and other current assets approximate their fair values due to their short term maturities.

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS *(Continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
HK dollar	**32,537**	25,688
RMB	**14,430**	17,495
US dollar	**11,325**	3,088
Canadian dollar	**531**	697
	58,823	46,968

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**1,532**	5,341
Investment portfolios	**29,514**	111,512
Unlisted debt securities	**4,302**	11,761
Others	**1,675**	5,528
	37,023	134,142
Market value of listed securities	**1,532**	5,341

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
– US dollar	**34,647**	126,947
– HK dollar	**2,376**	7,195
	37,023	134,142

Changes in fair values of financial assets at fair value through profit or loss are recorded in other gains, net, in the consolidated income statement *(Note 26)*.

As at 31st March, 2009, investment portfolios mainly comprise fixed income securities of HK$22 million (2008: HK$39 million), equity securities of HK$1 million (2008: HK$39 million) and cash and term deposits of HK$4 million (2008: HK$23 million).

The fair value of equity securities is based on their current bid prices in an active market. The fair value of the debt securities is based on option pricing model or current bid prices in an active market.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and on hand	**418,871**	275,735	**100**	519
Short-term bank deposits	**475,498**	457,563	**–**	–
	894,369	733,298	**100**	519
Maximum exposure to credit risk	**878,231**	716,727	**100**	519

The effective interest rate on short-term bank deposits was 1.14% (2008: 3.50%) per annum. These deposits have an average maturity of 70 days (2008: 30 days).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK dollar	**253,703**	272,294	**100**	519
RMB	**109,527**	93,785	**–**	–
US dollar	**518,789**	360,419	**–**	–
Canadian dollar	**4,600**	2,598	**–**	–
Others	**7,750**	4,202	**–**	–
	894,369	733,298	**100**	519

The Group's cash and bank balances denominated in RMB were deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Retirement benefit assets/(liabilities)		
Defined contribution schemes *(Note (a))*	**(6,262)**	(5,581)
Defined benefit scheme *(Note (b))*	**(20,176)**	14,104
Provision for long service payments *(Note (c))*	**(15,512)**	(6,311)

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 Mainland China, Canada and the United States of America. 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.

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(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.

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 HSBC Life (International) Limited, an independent qualified actuary, using the projected unit credit method.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Present value of funded obligations	**(141,337)**	(144,985)
Fair value of plan assets	**121,161**	159,089
Net (liabilities)/assets in the consolidated balance sheet	**(20,176)**	14,104
Experience adjustment gains on plan liabilities	**6,681**	176
Experience adjustment loss/(gain) on plan assets	**49,759**	(633)

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

The movements in the defined benefit obligation are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**(144,985)**	(115,371)
Current service cost	**(5,272)**	(4,112)
Interest cost	**(3,603)**	(4,856)
Employee contributions	**(1,445)**	(1,465)
Actuarial gain/(loss)	**9,140**	(23,747)
Benefits paid	**4,828**	4,566
End of the year	**(141,337)**	(144,985)

The movements in the fair value of plan assets are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**159,089**	147,107
Expected return on plan assets	**10,878**	10,063
Actuarial (loss)/gain	**(49,759)**	633
Employee contributions	**1,445**	1,465
Employer contributions	**4,336**	4,387
Benefits paid	**(4,828)**	(4,566)
End of the year	**121,161**	159,089

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current service cost	**5,272**	4,112
Interest cost	**3,603**	4,856
Expected return on plan assets	**(10,878)**	(10,063)
Total, included in employee benefit expense *(Note 33)*	**(2,003)**	(1,095)

Of the total credit, approximately HK$1,112,000 (2008: HK$608,000) and HK$891,000 (2008: HK$487,000) have been included in cost of sales and administrative expenses, respectively.

The actual return on plan assets was a loss of approximately HK$38,881,000 (2008: a gain of HK$10,696,000).

The principal actuarial assumptions used are as follows:

	2009	2008
Discount rate	**2% p.a.**	2.5% p.a.
Expected rate of return on plan assets	**6% p.a.**	6.75% p.a.
Expected rate of future salary increases	**2-3% p.a.**	3.5% p.a.

The actuarial losses recognised in the consolidated statement of recognised income and expense was HK$40,619,000 (2008: HK$23,114,000).

The cumulative actuarial losses recognised in the consolidated statement of recognised income and expense was HK$26,398,000 (2008: gains of HK$14,221,000).

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

(b) Defined benefit scheme *(Continued)*

	2009	2008
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equity instruments	**45.5%**	53.3%
Debt instruments	**49.6%**	35.8%
Other assets	**4.9%**	10.9%

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, 2010 are approximately HK$4,253,000.

(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 payment obligation was valued by HSBC Life (International) 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	
	2009	2008
	HK$'000	*HK$'000*
Net liability in the consolidated balance sheet	**15,512**	6,311
Experience adjustment loss/(gain) on plan liabilities	**14,823**	(1,162)

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

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

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**6,311**	4,377
Current service cost	**581**	192
Interest cost	**185**	180
Benefits paid	**(507)**	(266)
Actuarial loss on obligation	**8,942**	1,828
End of the year	**15,512**	6,311

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current service cost	**581**	192
Interest cost	**185**	180
Total, included in employee benefit expense *(Note 33)*	**766**	372

Of the total charge, approximately HK$478,000 (2008: HK$232,000) and HK$288,000 (2008: HK$140,000) have been included in cost of sales and administrative expenses, respectively.

20 RETIREMENT BENEFIT ASSETS/LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

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

The principal actuarial assumptions used are as follows:

	2009	2008
Discount rate	**2% p.a.**	2.5% p.a.
Expected rate of future salary increases	**2-3% p.a.**	3.5% p.a.

The actuarial losses recognised in the consolidated statement of recognised income and expense was HK$8,942,000 (2008: HK$1,828,000).

The cumulative actuarial losses recognised in the consolidated statement of recognised income and expense was HK$8,109,000 (2008: gains of HK$833,000).

21 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 on the consolidated balance sheet:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Deferred tax assets to be recovered after 12 months	**19,974**	15,615
Deferred tax liabilities to be settled after 12 months	**(57,752)**	(64,884)
	(37,778)	(49,269)

21 DEFERRED INCOME TAX *(Continued)*

Movements in net deferred tax liabilities are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	**49,269**	52,474
Deferred taxation charged/(credited) to the consolidated income statement *(Note 29)*	**2,288**	(4,097)
Deferred taxation credited to equity	**(8,177)**	(4,365)
Exchange differences	**(5,602)**	5,257
End of the year	**37,778**	49,269

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

Deferred tax assets:

	Group							
	Provisions		Tax losses		Actuarial losses of retirement benefit obligation		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Beginning of the year	**7,736**	6,436	**7,879**	6,211	**–**	–	**15,615**	12,647
(Charged)/credited to the consolidated income statement	**(1,611)**	1,300	**430**	1,668	**–**	–	**(1,181)**	2,968
Credited to equity	**–**	–	**–**	–	**5,540**	–	**5,540**	–
End of the year	**6,125**	7,736	**8,309**	7,879	**5,540**	–	**19,974**	15,615

21 DEFERRED INCOME TAX *(Continued)*

Deferred tax liabilities:

	Group											
	Accelerated tax depreciation		Intangible assets		Fair value gains on investment properties		Actuarial gains of retirement benefit obligation		Others		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Beginning of the year	**17,030**	16,181	**38,223**	38,164	**6,558**	3,338	**2,637**	7,002	**436**	436	**64,884**	65,121
Charged/(credited) to the consolidated income statement	**2,095**	849	**(5,188)**	(5,198)	**4,636**	3,220	**–**	–	**(436)**	–	**1,107**	(1,129)
Credited to equity	**–**	–	**–**	–	**–**	–	**(2,637)**	(4,365)	**–**	–	**(2,637)**	(4,365)
Exchange differences	**–**	–	**(5,602)**	5,257	**–**	–	**–**	–	**–**	–	**(5,602)**	5,257
End of the year	**19,125**	17,030	**27,433**	38,223	**11,194**	6,558	**–**	2,637	**–**	436	**57,752**	64,884

Deferred income tax assets are recognised for tax losses carrying forwards to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at 31st March, 2009, the Group has unrecognised tax losses of approximately HK$113,211,000 (2008: HK$104,337,000). Tax losses amounting to approximately HK$105,782,000 (2008: HK$98,328,000) will be expired up to year 2028, while the remaining balance can be carried forward indefinitely.

22 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
0 - 30 days	**108,604**	105,634
31 - 60 days	**3,356**	1,594
61 - 90 days	**677**	70
Over 90 days	**4,964**	5,468
	117,601	112,766

22 TRADE PAYABLES *(Continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
HK dollar	**85,633**	66,946
RMB	**26,328**	27,922
US dollar	**1,773**	9,871
Canadian dollar	**3,867**	8,027
	117,601	112,766

The carrying amounts of trade payables approximate their fair values due to their short term maturities.

23 SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'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	**552,576**	**55,257**	545,934	54,593
Shares issued under share option scheme *(Note 35)*	**3,008**	**301**	6,642	664
End of the year	**555,584**	**55,558**	552,576	55,257

24 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 (note i) HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2008	114,133	152,034	51,048	21,079	141,947	24,469	85,197	180	1,739,658	2,329,745
Proceeds from shares issued	24,372	–	–	–	–	–	–	–	–	24,372
Changes in fair value for available-for-sale financial assets	–	–	–	–	(67,956)	–	–	–	–	(67,956)
Release of investment reserve upon disposal/redemption of available-for-sale financial assets	–	–	–	–	209	–	–	–	–	209
Actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(49,561)	(49,561)
Deferred income tax effect on actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	8,177	8,177
Employee share option scheme – value of employee services	–	–	–	–	–	22,834	–	–	–	22,834
Release of share-based compensation reserve to share premium upon exercise of share options	3,962	–	–	–	–	(3,962)	–	–	–	–
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	–	–	(27,606)	–	–	–	–	–	–	(27,606)
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	441,866	441,866
Dividends	–	–	–	–	–	–	–	–	(362,788)	(362,788)
Unclaimed dividends write back	–	–	–	–	–	–	–	–	245	245
At 31st March, 2009	**142,467**	**152,034**	**23,442**	**21,079**	**74,200**	**43,341**	**85,197**	**180**	**1,777,597**	**2,319,537**

24 RESERVES *(Continued)*

(a) The Group *(Continued)*

	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 *(note i)* HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2007	79,243	152,034	8,195	21,079	(1,467)	9,547	85,197	180	1,587,866	1,941,874
Proceeds from shares issued	29,777	–	–	–	–	–	–	–	–	29,777
Changes in fair value for available-for-sale financial assets	–	–	–	–	143,414	–	–	–	–	143,414
Actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(24,942)	(24,942)
Deferred income tax effect on actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	4,365	4,365
Employee share option scheme – value of employee services	–	–	–	–	–	20,035	–	–	–	20,035
Release of share-based compensation reserve to share premium upon exercise of share options	5,113	–	–	–	–	(5,113)	–	–	–	–
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	–	–	42,853	–	–	–	–	–	–	42,853
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	420,234	420,234
Dividends	–	–	–	–	–	–	–	–	(247,865)	(247,865)
At 31st March, 2008	114,133	152,034	51,048	21,079	141,947	24,469	85,197	180	1,739,658	2,329,745

(i) Contributed surplus was mainly arising from the group reorganisation made in prior year and represented the difference between the amount of the shares of a subsidiary acquired by the Company and the nominal value of the Company's shares issued in exchange thereon.

24 RESERVES *(Continued)*

(b) The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Share-based compensation reserve HK$'000	Contributed surplus *(note i)* HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2008	114,133	152,034	24,469	94,467	352,197	737,300
Proceeds from shares issued	24,372	–	–	–	–	24,372
Employee share option scheme – value of employee services	–	–	22,834	–	–	22,834
Release of share-based compensation reserve to share premium upon exercise of share options	3,962	–	(3,962)	–	–	–
Profit attributable to equity holders of the Company	–	–	–	–	395,764	395,764
Dividends	–	–	–	–	(360,240)	(360,240)
Unclaimed dividend write back	–	–	–	–	245	245
At 31st March, 2009	**142,467**	**152,034**	**43,341**	**94,467**	**387,966**	**820,275**
At 1st April, 2007	79,243	152,034	9,547	94,467	330,972	666,263
Proceeds from shares issued	29,777	–	–	–	–	29,777
Employee share option scheme – value of employee services	–	–	20,035	–	–	20,035
Release of share-based compensation reserve to share premium upon exercise of share options	5,113	–	(5,113)	–	–	–
Profit attributable to equity holders of the Company	–	–	–	–	269,090	269,090
Dividends	–	–	–	–	(247,865)	(247,865)
At 31st March, 2008	114,133	152,034	24,469	94,467	352,197	737,300

24 RESERVES *(Continued)*

(b) The Company *(Continued)*

(i) Contributed surplus was mainly arising from the group reorganisation made in prior year and represented the difference between the amount of the shares of a subsidiary acquired by the Company and the nominal value of the Company's shares issued in exchange thereon. 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.

25 REVENUE

	2009	2008
	HK$'000	*HK$'000*
Sales of food and beverages	**4,542,533**	4,168,547
Rental income	**35,338**	36,123
Royalty income	**44,654**	45,580
Management and service fee income	**7,370**	4,608
Franchise income	**3,257**	4,024
Sundry income	**40,457**	24,704
	4,673,609	4,283,586

26 OTHER GAINS, NET

	2009	2008
	HK$'000	*HK$'000*
Fair value loss on financial assets at fair value through profit or loss	**(386)**	(2,121)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**(17,164)**	631
Dividend income from listed investments	**11,379**	6,445
Fair value gains on investment properties	**28,100**	18,400
	21,929	23,355

27 EXPENSES BY NATURE

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

	2009 ***HK$'000***	2008 *HK$'000*
Cost of raw materials and consumables used	**1,508,711**	1,342,008
Amortisation of leasehold land and land use rights	**7,421**	7,278
Amortisation of intangible assets	**11,102**	11,513
Depreciation of property, plant and equipment	**152,333**	152,675
Net loss on disposal of property, plant and equipment and leasehold land	**3,196**	9,198
Net gain on disposal of restaurants (including release of goodwill amounting to HK$2,973,000)	**(2,521)**	–
Provision for impairment of property, plant and equipment	**–**	1,267
Provision for impairment loss on goodwill	**14,138**	–
Operating lease rentals in respect of rented premises (including contingent rentals of HK$38,723,000 (2008: HK$35,623,000))	**510,616**	479,214
Exchange losses/(gains), net	**998**	(5,370)
Employee benefit expenses *(Note 33)*	**1,142,535**	1,062,532
Auditor's remuneration	**3,895**	3,818
Electricity, water and gas	**297,183**	282,987
Advertising and promotion expenses	**70,551**	62,491
Provision for impairment of trade receivables	**498**	3,616
Other expenses	**453,206**	413,039
	4,173,862	3,826,266
Representing:		
Cost of sales	**3,916,966**	3,585,428
Administrative expenses	**256,896**	240,838
	4,173,862	3,826,266

28 FINANCE INCOME

	2009 *HK$'000*	2008 *HK$'000*
Interest income	**18,425**	31,278

29 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided for at the rate of 16.5% (2008: 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/(credited) to the consolidated income statement represents:

	2009 *HK$'000*	2008 *HK$'000*
Current income tax:		
– Hong Kong profits tax	**85,541**	82,619
– Overseas taxation	**11,982**	11,439
Deferred income tax relating to the origination and reversal of temporary differences *(Note 21)*	**2,288**	(4,097)
Under-provision in prior years	**718**	3,409
	100,529	93,370

29 INCOME TAX EXPENSE *(Continued)*

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

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax	**542,107**	513,604
Calculated at a taxation rate of 16.5% (2008: 17.5%)	**89,448**	89,880
Effect of different taxation rates in other countries	**(112)**	(208)
Income not subject to taxation	**(6,214)**	(15,446)
Expenses not deductible for taxation purposes	**12,146**	9,652
Utilisation of previously unrecognised tax losses	**–**	(4)
Recognition of previously unrecognised temporary difference	**2,878**	–
Tax losses not recognised	**3,037**	7,289
Under-provision in prior years	**718**	3,409
Remeasurement of deferred tax – change in Hong Kong tax rate	**(825)**	–
Others	**(547)**	(1,202)
Tax charge	**100,529**	93,370

30 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$395,764,000 (2008: HK$269,090,000).

31 DIVIDENDS

	2009 HK$'000	2008 HK$'000
Interim dividend, paid, of HK15 cents (2008: HK15 cents) per ordinary share	**83,153**	82,622
Special dividend, paid, of HK15 cents (2008: Nil) per ordinary share	**83,153**	–
Final dividend, proposed, HK38 cents (2008: HK35 cents) per ordinary share	**211,241**	193,643
	377,547	276,265

A final dividend of HK38 cents per ordinary share in respect of the year ended 31st March, 2009, amounting to a total final dividend of approximately HK$211,241,000, was proposed. Such final dividend is to be approved by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

32 EARNINGS PER SHARE

(a) 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.

	2009	2008
Profit attributable to equity holders of the Company *(HK$'000)*	**441,866**	420,234
Weighted average number of ordinary shares in issue *('000)*	**553,920**	550,340
Basic earnings per share *(HK cents per share)*	**79.77 HK cents**	76.36 HK cents

32 EARNINGS PER SHARE *(Continued)*

(b) Diluted

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

	2009	2008
Profit attributable to equity holders of the Company *(HK$'000)*	**441,866**	420,234
Weighted average number of ordinary shares in issue *('000)*	**553,920**	550,340
Adjustment for share options *('000)*	**3,635**	5,185
	557,555	555,525
Diluted earnings per share *(HK cents per share)*	**79.25 HK cents**	75.65 HK cents

33 EMPLOYEE BENEFIT EXPENSE

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

	2009 HK$'000	2008 HK$'000
Wages, salaries and allowances	**1,048,315**	978,821
Discretionary bonuses	**31,794**	30,472
Pension costs		
– Defined contribution plans	**40,829**	33,927
– Defined benefit plan *(Note 20)*	**(2,003)**	(1,095)
– Long service payments *(Note 20)*	**766**	372
Share-based compensation expenses	**22,834**	20,035
	1,142,535	1,062,532

33 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Directors' emoluments

The remuneration of each director for the year ended 31st March, 2009 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 expense	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Chan Yue Kwong, Michael	50	2,888	4,475	227	2,055	9,695
Mr. Lo Hoi Kwong, Sunny	50	1,857	6,270	148	2,480	10,805
Ms. Lo Pik Ling, Anita	50	468	1,625	56	1,011	3,210
Mr. Lo Tak Shing, Peter	50	497	322	12	846	1,727
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

33 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Directors' emoluments *(Continued)*

The remuneration of each director for the year ended 31st March, 2008 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 expense	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Chan Yue Kwong, Michael	50	2,771	3,982	220	1,732	8,755
Mr. Lo Hoi Kwong, Sunny	50	1,794	6,260	144	1,732	9,980
Ms. Lo Pik Ling, Anita	50	459	1,089	54	314	1,966
Mr. Lo Tak Shing, Peter	50	603	315	12	140	1,120
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.

33 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 (2008: four) directors whose emoluments are reflected in the analysis presented in *Note 33(b)*. The emoluments payable to the remaining two (2008: one) individuals during the year are as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Basic salaries, gratuities and other allowances	**736**	445
Discretionary bonuses	**1,203**	718
Contributions to pension schemes	**87**	52
	2,026	1,215

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Nil to HK$1,000,000	**1**	–
HK$1,000,000 to HK$2,000,000	**1**	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.

34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax	**542,107**	513,604
Adjustments for:		
– Finance income	**(18,425)**	(31,278)
– Depreciation of property, plant and equipment	**152,333**	152,675
– Amortisation of leasehold land and land use rights	**7,421**	7,278
– Amortisation of intangible assets	**11,102**	11,513
– Fair value gains on investment properties	**(28,100)**	(18,400)
– Fair value losses on financial assets at fair value through profit or loss	**386**	2,121
– Loss/(gain) on disposal of financial assets at fair value through profit or loss	**17,164**	(631)
– Net loss on disposal of property, plant and equipment and leasehold land	**3,196**	9,198
– Net gain on disposal of restaurants (including release of goodwill amounting to HK$ 2,973,000)	**(2,521)**	–
– Share-based compensation expenses	**22,834**	20,035
– Provision for impairment of property, plant and equipment	**–**	1,267
– Impairment of goodwill	**14,138**	–
– Dividend income from listed investments	**(11,379)**	(6,445)
– Share of profit of associates	**(2,262)**	(2,442)
– Share of loss of jointly controlled entities	**256**	791
Operating profit before working capital changes	**708,250**	659,286
Changes in working capital:		
– Inventories	**(5,414)**	(20,468)
– Prepayments, deposits and other current assets	**(9,816)**	805
– Trade and other receivables	**(11,855)**	(2,823)
– Financial assets at fair value through profit or loss	**79,978**	(36,912)
– Trade payables	**4,835**	18,025
– Other creditors and accrued liabilities	**19,930**	28,345
– Non-current deposits	**(29,184)**	(15,955)
– Retirement benefit obligation and provision for long service payments	**(6,080)**	(5,376)
Net cash generated from operations	**750,644**	624,927

34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) In the consolidated cash flow statement, proceeds from disposals of property, plant and equipment and leasehold land comprise:

	2009 *HK$'000*	2008 *HK$'000*
Net book amounts *(Notes 6 and 7)*	**12,165**	42,832
Net loss on disposal of property, plant and equipment and leasehold land	**(3,196)**	(9,198)
Gain on disposal of restaurants (excluding release of goodwill amounting to HK$2,973,000)	**5,494**	–
Proceeds from disposals of property, plant and equipment and leasehold land	**14,463**	33,634

35 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.

35 SHARE OPTIONS *(Continued)*

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 The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotations sheet for the five business days immediately preceding the date of offer of the option. The exercisable period and the vesting period of the options were also determined by the board of directors and the options shall expire at the end of a 5-year period after the options become exercisable.

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

35 SHARE OPTIONS *(Continued)*

The movements in share options are as follows:

Grant date	Exercise period	Exercise price	Beginning of the year	Exercised	Cancelled	End of the year
		HK$	*'000*	*'000*	*'000*	*'000*
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	886	(562)	–	324
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	3,500	(700)	–	2,800
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	7,412	(1,518)	(60)	5,834
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,450	–	–	3,450
2nd October, 2007	30th March, 2008 to 1st October, 2017	14.748	18,480	(228)	(780)	17,472
			33,728	(3,008)	(840)	29,880

Out of the 29,880,000 outstanding options (2008: 33,728,000), 7,659,500 options (2008: 4,539,000) were exercisable. The related weighted average share price at the time of exercise was HK$14.65 (2008: HK$15.25) per share.

No option was granted during the year.

36 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

At 31st March, 2009, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Land and buildings		
– Not later than one year	**464,095**	468,229
– Later than one year and not later than five years	**725,574**	769,913
– Later than five years	**116,584**	135,315
	1,306,253	1,373,457

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 commitment at 31st March, 2009 and 31st March, 2008.

(b) Capital commitments

As at 31st March, 2009, the Group had the following capital commitments:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**73,594**	18,716
Authorised but not contracted for	**330,675**	188,709
	404,269	207,425

The Company did not have any capital commitment at 31st March, 2009 and 31st March, 2008.

37 FINANCIAL GUARANTEES

As at 31st March, 2009, the Company has given guarantees totalling approximately HK$662,000,000 (2008: HK$636,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

38 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2009, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Not later than one year	**25,187**	33,667
Later than one year and not later than five years	**16,128**	23,833
Later than five years	**18**	–
	41,333	57,500

The Company did not have any future operating lease receipts as at 31st March, 2009 and 31st March, 2008.

39 RELATED PARTY TRANSACTIONS

(a) Other than as disclosed in note 12 to these consolidated financial statements, the Group has the following significant transactions with related parties during the year:

	2009	2008
	HK$'000	*HK$'000*
Operating lease rentals paid to a related party:		
– Tinway Investments Limited *(Note i)*	**2,112**	2,112
Franchise and development fees paid to a related party:		
– illycaffe SpA *(Note ii)*	**345**	253
Consultancy fee income received from a jointly controlled entity		
– CNAG	**2,084**	884

39 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Other than as disclosed in note 12 to these consolidated financial statements, the Group has the following significant transactions with related parties during the year: *(Continued)*

(i) Tinway Investments Limited is a company jointly owned by Ms. Lo Pik Ling, Anita, a director of the Company, an associate of Mr. Chan Yue Kwong, Michael, the Chairman of the Company, and Ardley Enterprises Limited, a company wholly and beneficially owned by the family members of Mr. Lo Hoi Kwong, Sunny, a director of the Company.

(ii) illycaffe SpA is a minority shareholder of Café de Espressamente illy (HK) Limited, a 70% owned subsidiary of the Group.

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

(b) Key management compensation

	2009	2008
	HK$'000	*HK$'000*
Salaries and allowances	**7,537**	7,205
Directors' fees	**200**	200
Discretionary bonuses	**13,603**	12,761
Contributions to pension schemes	**645**	615
Share-based compensation expense	**6,477**	4,853
	28,462	25,634

Principal Properties held for Investment Purposes

Description	Lot number	Type	Lease term
Portion A & C of Shop No. N95 on the 1 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 1 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 A on the Ground Floor, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Inland Lot No. 5423	Shop	Long-term

Five-Year Summary

CONSOLIDATED INCOME STATEMENTS

For the five years ended 31st March, 2009

	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000 (As restated)	2005 HK$'000
Revenue	**4,673,609**	4,283,586	3,885,151	3,440,493	3,038,498
Cost of sales	**(3,916,966)**	(3,585,428)	(3,234,421)	(2,903,642)	(2,568,071)
Gross profit	**756,643**	698,158	650,730	536,851	470,427
Other gains, net	**21,929**	23,355	10,385	14,254	20,699
Administrative expenses	**(256,896)**	(240,838)	(238,804)	(160,021)	(135,440)
Operating profit	**521,676**	480,675	422,311	391,084	355,686
Finance income	**18,425**	31,278	34,859	31,695	19,449
Finance costs	**–**	–	(3,676)	(4,695)	(1,061)
Share of profit of associates	**2,262**	2,442	2,269	2,663	2,645
Share of loss of jointly controlled entities	**(256)**	(791)	(2,857)	(27,863)	(25,205)
Profit before income tax	**542,107**	513,604	452,906	392,884	351,514
Income tax expense	**(100,529)**	(93,370)	(82,839)	(73,031)	(65,793)
Profit for the year	**441,578**	420,234	370,067	319,853	285,721
Allocated as:					
Loss attributable to minority interest	**(288)**	–	–	–	–
Profit attributable to equity holders of the Company	**441,866**	420,234	370,067	319,853	285,721
Dividends	**377,547**	276,265	230,181	298,926	148,141
Basic earnings per share	**79.77 HK cents**	76.36 HK cents	67.95 HK cents	59.24 HK cents	53.38 HK cents
Diluted earnings per share	**79.25 HK cents**	75.65 HK cents	66.95 HK cents	58.47 HK cents	52.45 HK cents

CONSOLIDATED BALANCE SHEETS

As at 31st March

	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000 (As restated)	2005 HK$'000
ASSETS					
Non-current assets					
Leasehold land and land use rights	**340,921**	347,960	308,788	338,976	345,929
Property, plant and equipment	**633,301**	564,488	491,978	468,396	414,057
Investment properties	**230,800**	202,700	155,200	122,450	110,400
Intangible assets	**166,053**	234,912	213,068	223,427	18,452
Investments in associates	**6,239**	7,059	4,357	4,188	2,205
Investments in jointly controlled entities	**34,521**	33,604	32,195	30,260	65,873
Available-for-sale financial assets	**199,590**	293,707	267,398	173,106	216,183
Held-to-maturity financial assets	**–**	1,018	8,837	5,466	–
Deferred income tax assets	**19,974**	15,615	12,647	13,224	5,580
Non-current deposits	**152,218**	123,034	107,079	99,723	1,178
Retirement benefit assets	**–**	14,104	31,736	12,243	–
	1,783,617	1,838,201	1,633,283	1,491,459	1,179,857
Current assets					
Inventories	**100,295**	94,881	74,413	69,008	64,728
Trade and other receivables	**58,823**	46,968	44,145	48,110	36,116
Prepayments, deposits and other current assets	**96,822**	87,006	87,811	52,213	111,786
Short-term investments	**–**	–	–	–	87,488
Financial assets at fair value through profit or loss	**37,023**	134,142	98,720	93,011	–
Cash and cash equivalents	**894,369**	733,298	546,655	559,506	524,989
	1,187,332	1,096,295	851,744	821,848	825,107
Total assets	**2,970,949**	2,934,496	2,485,027	2,313,307	2,004,964

CONSOLIDATED BALANCE SHEETS *(Continued)*

As at 31st March

	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000 (As restated)	2005 HK$'000
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	**57,752**	64,884	65,121	64,158	17,153
Provision for long service payments	**15,512**	6,311	4,377	4,102	–
Retirement benefit liabilities	**20,176**	–	–	–	–
	93,440	71,195	69,498	68,260	17,153
Current liabilities					
Trade payables	**117,601**	112,766	94,741	78,977	73,399
Other creditors and accrued liabilities	**348,738**	328,808	300,463	258,036	215,230
Current income tax liabilities	**33,977**	34,339	23,858	24,641	22,324
	500,316	475,913	419,062	361,654	310,953
Total liabilities	**593,756**	547,108	488,560	429,914	328,106
EQUITY					
Capital and reserve attributable to the equity holders of the Company					
Share capital	**55,558**	55,257	54,593	54,081	53,576
Other reserves	**541,940**	590,087	354,008	312,821	284,749
Retained earnings	**1,777,597**	1,739,658	1,587,866	1,516,491	1,338,533
	2,375,095	2,385,002	1,996,467	1,883,393	1,676,858
Minority interest	**2,098**	2,386	–	–	–
Total equity	**2,377,193**	2,387,388	1,996,467	1,883,393	1,676,858
Total equity and liabilities	**2,970,949**	2,934,496	2,485,027	2,313,307	2,004,964

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, 2005 have not been adjusted and it is not practicable to restate earlier years for comparison purposes.

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Café de Coral 大家樂

40 Anniversary