大家樂集團有限公司

CAFÉ DE CORAL HOLDINGS LIMITED

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

Stock Code 股份代號：341

千載不變

上市 25 週年...

大家樂見

Annual Report 2011
年報

Café de Coral Fast Food
The Spaghetti House
Manchu Wok
Oliver's Super Sandwiches

Asia Pacific Institutional Catering
Luncheon Star
Scanfoods
Café de New Asia

CAFÉ DE CORAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

25 PUBLIC LISTING ANNIVERSARY

From a home grown enterprise to a
Diversified Global Corporation

Publicly Listed Chinese Quick Service Restaurant chain of 586 operating units
Being World's Largest

With a dedicated workforce of 16,000
Being Awarded Best Employer in Asia

Local and International recognition for
Management and Business Best Practices

Market Cap since listing
Increased by 20 Times

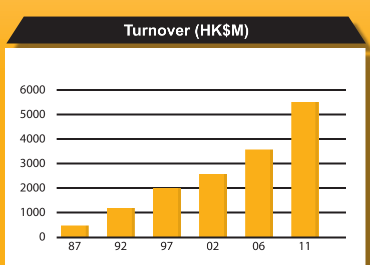
Turnover since listing
Increased by 19 Times

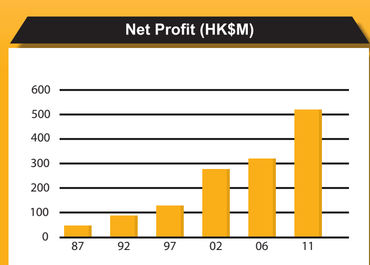
Profit since listing
Increased by 14 Times

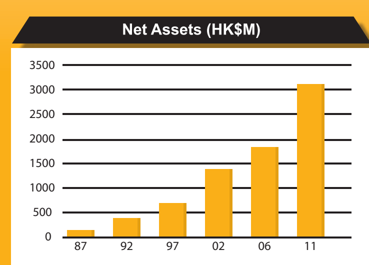
Net Assets since listing
Increased by 51 Times

This year marks the Group's 25th anniversary since its public listing on The Stock Exchange of Hong Kong in July, 1986. Over the past two decades, the Group advanced in strides in profit performance and in its business dimensions. As I recalled at the time of its listing in 1986, the Group operated only 32 restaurants with a net profit of approximately HK$37.2 million. **I am proud as of today, to report that the Group has a total of 586 operating units covering various geographical regions around the globe, with profits attributable to shareholders amounts to a historical high of HK$514 million for the year ended 31st March 2011.** The continuous business growth records over the years speak for itself, recording multiple growth in terms of market capitalization, turnover, profits, employees and net assets value. A record which we are proud to share with our shareholders and one which our men and women have dedicated so much to make it possible.

Chan Yue Kwong, Michael
Chairman







Contents

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 Ming Shing, Ian
Mr. Hui Tung Wah, Samuel
Mr. Choi Ngai Min, Michael*
Mr. Li Kwok Sing, Aubrey*
Mr. Kwok Lam Kwong, Larry*
Mr. Look Guy*

* *Independent Non-executive Directors*

COMPANY SECRETARIES

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12, Bermuda

HEAD OFFICE

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

AUDITORS

PricewaterhouseCoopers

SOLICITORS

JSM

PRINCIPAL BANKERS

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

BERMUDA SHARE REGISTRARS

HSBC Securities Services (Bermuda) Limited
(previously known as
"HSBC Bank 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,	**2011** *HK$'000*	2010 *HK$'000*	Change %
Revenue	**5,332,639**	4,882,668	9.2
Profit attributable to equity holders of the Company	**514,328**	513,232	0.2
Total assets	**3,781,383**	3,502,401	8.0
Net assets	**3,067,419**	2,855,000	7.4
Basic earnings per share	**91.58 HK cents**	92.16 HK cents	-0.6
Interim and final dividends per share	**62 HK cents**	62 HK cents	–
Special dividend per share	**25 HK cents**	–	N/A
Net assets per share	**HK$5.45**	HK$5.11	6.7

FINANCIAL CALENDAR

Half year results	Announcement on 29th November, 2010
Full year results	Announcement on 29th June, 2011
Annual Report	Despatched to shareholders in late July, 2011
Closure of register of members for the proposed final and special dividend	16th September, 2011 to 20th September, 2011 and 26th September, 2011
Annual General Meeting	20th September, 2011
Dividends	Interim: 17 HK cents per share paid on 29th December, 2010 Final: 45 HK cents per share payable on 4th October, 2011 Special: 25 HK cents per share payable on 4th October, 2011

Chairman's Personal Message

Year 2010/2011 certainly marked the most challenging and contentious year in the corporate history of our Group. Never have we in any one year been confronted with so many challenges on so many fronts, be it social, economical, political and even on a personal level.

The global flooding, drought and natural disaster have exerted tremendous pressure on the commodities price and food supply. The extent of the subsequent food cost inflation was more severe than we expected. We have been restraining our price adjustment in the early part of the year with the hope to maintain our customer loyalty, but it has led to the inevitable erosion on our operating margin.

In addition to the difficult operating environment in which we found ourselves, we were further ensnared in an unexpected social outcry in the second half of the year. In anticipation of the introduction of the Minimum Wage in Hong Kong, our fast food business units have decided to take an early lead on its implementation by way of incremental measures. Unfortunately, such apparently rational business decision has rapidly taken on a political dimension. Under the circumstances, we have acted swiftly and decisively to avert further damage on our brand equity. If there is a lesson that our management should have learnt, it is the corporate duty of today's enterprise to strike a balance between business objectives and social responsibility. I honestly believe that this event was a blessing in disguise as it demonstrated corporate social responsibility is a key element on business sustainability in the long run.

Over the past 2 years, I am proud to have participated in the historical task, as member of the Provisional Minimum Wage Commission to set the first introductory level of the minimum wage in HKSAR. As you are all probably aware, minimum wage is a new piece of legislation in Hong Kong and would definitely cast substantial cost burden to all mass market retail businesses, which naturally include the catering business. But I reckon that this is a business cost we all need to contribute for the sake of social equality and long term business sustainability. After all, corporate profit should be predicated on enhanced productivity, service excellence and continuous improvement in business competitiveness.

As I mentioned to you in my earlier report, succession planning is high on our agenda in the past couple of years in order to ensure a steady stream of high calibre individuals capable to rise to the occasion of our corporate needs in terms of sustainable development, be it for territorial expansion or business diversification purposes. For this matter, we have undertaken a vigorous company-wide exercise to go through a selection and recruitment process. Targeted staffs with development potentials from management level are identified, developed and deployed to lead the business in future. Under this charted course, we have managed to invigorate the succession planning of our Hong Kong operation, strengthen our management team in China, improve on the professionalism of our business logistics, and focus on the production system enhancement. Other than total reliance on internal resources, I am also glad to report on the recruitment of the necessary professionals in charge of our administration both in Hong Kong and in China.

Looking back to the past year, I must say that all the challenges we faced had alerted management to re-examine the way we run our business. Given the rapid change in the employment dynamics, the unceasing cost inflation and the increasingly competitive landscape, the rules of the game for business operation here in HK would never be the same. We must break away from the past, we must be creative to think out of the box, and we must be brave enough to embrace new frontiers. Given the depth of our management calibre and the breath of our operational experience, I have confidence that we would rise above any adversity and come out stronger and as resilient as ever. In view of the likely emergence of market consolidation under the present conditions, I believe our Group is well positioned to take advantage of any opportunities that may present themselves.

Last but not least, my gratitude goes to all the management members and staffs, whose dedication and commitment have helped us to sail through this stormy period. Many of whom have been my co-workers for the past twenty five years and together, we have built Cafe de Coral to what it is today. My heartfelt thanks go to them all!

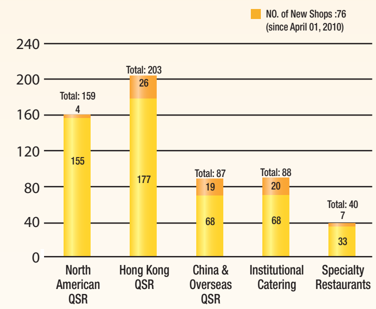
Chan Yue Kwong, Michael
Chairman
Hong Kong, 29th June, 2011

Business Highlights

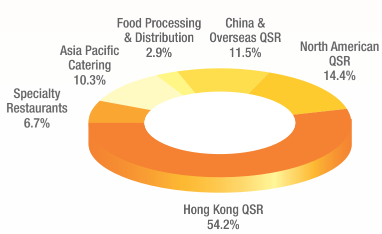
- **Continuous sales growth for the 24th year, reaching HK$5.33 billion.**
- **Profit remained flat at HK$514 million in face of surging food cost and wage increase.**
- **A record breaking total of 63 new operating units opened in face of the operational challenge.**
- **Group's outlets in PRC are well over 100, spreading over Eastern and Southern China**.
- **Recommend a Final and Special Dividend of a total of 70 HK cents per share, with a total dividend payout ratio of 95% celebrating the Group's 25th Public Listing Anniversary.**

Café de Coral Group
Strategic Businesses

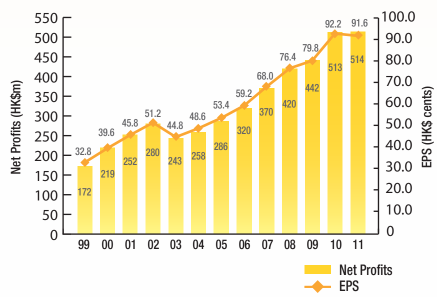
Total No. of Operating Units: 577
(As of June 29, 2011)



Systemwide Sales Distribution



Financial Growth Trends
Group Net Profits & EPS Growth

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Chinese Dishes Lunch Set
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再配香飯及飲品，豐盛午膳此中尋！
京烤骨·南瓜肉鬆蒸水蛋
配香飯·茶/啡
午市供應
大家樂見


和風盛盒茶餐
— Japanese Affluent Box Tea —
6重和風滋味
配熱飲 只售 $20
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咖喱角 · 牛油粟米 · 紅豆布甸
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www.cafedecoralfastfood.com


明爐上湯牛坑腩
— Deluxe Braised Brisket Casserole —
八節骨
牛坑腩
挑選最矜貴八節骨牛坑腩部位，肉質細嫩鬆軟，肉味香濃，
加上精心熬製的上湯，以明爐火熱送上，啖啖香馥滿瀉。
午、晚市供應
大家樂見


和風紙上燒
Paper Grill
源自北海道的創新料理，
自家燒出紙上和風滋味！
自家燒
自家炒
晚市供應
大家樂見


OLIVER'S SUPER SANDWICHES.
SUPER SANDWICHES
SUPER SANDWICHES

OLIVER'S SUPER SANDWICHES
SUPER SANDWICHES

INTRODUCTION

The year under review is indeed a challenging year for the Group.

With the quantitative easing measures implemented by most developed countries after the financial tsunami, we witnessed a gradual recovery of the local economy on the one hand and an inflationary business environment on the other. The unceasing surge in food material costs coupled with the introduction of the minimum wage in this same year certainly posed major challenges to the catering business in tackling rising operational overheads on all fronts here in Hong Kong.

Against this backdrop, the Group recorded a full year results with turnover and profit attributable to shareholders of HK$5.33 billion and HK$514 million respectively, representing a disappointing flat growth in profit for the first time since 2003.

Notwithstanding the lackluster performance, the Directors recommended a final dividend of 45 HK cents per share as well as a special dividend of 25 HK cents, to join hands with our shareholders in celebrating the Group's 25th public listing anniversary in July 2011. Together with the interim dividend paid earlier, a total dividend of 87 HK cents per share would be repatriated to our shareholders for the whole year.

HONG KONG OPERATIONS

Faced with a year of rising inflationary pressure, various strategic and tactical measures were put in place to alleviate the negative impacts of mounting raw material and rental costs. Regrettably, our implementation of new salary packages consistent with the introduction of minimum wages in November 2010 was viewed unfavourably by the public, thus tarnishing our business and reputation.

Quick Service Restaurant

Café de Coral

For the year under review, the sales performance of **Café de Coral** fast food registered a modest growth as compared with that of last year. Taking into account the effect of surging raw material and labour costs, **Café de Coral's** profit margin narrowed as cost increments were not fully passed on to our customers.

Tough operational environment notwithstanding, **Café de Coral** persisted with its expansion strategy. During the year, it opened eight new stores, bringing its portfolio count to 151 as of 31st March, 2011. These openings were variously located at commercial, industrial and residential districts where there were strong demand for quick service restaurants.

To stay ahead of our competitors, we invested over HK$35 million in the year to renovate 15 **Café de Coral** outlets, making good our pledge of providing a stylish and comfortable dining environment for our customers.

Other than upgrading our stores, we were relentless in our pursuit of quality products for our customers. New products with high-perceived value (e.g. Crispy Roasted Pork, Sirloin and Chicken Teppanyaki, Roasted Chicken Curry, Tiger Prawn and Lobster Soup Hot Pot, Deluxe Braised Brisket Casserole, Paper Grill) were introduced during the year to our customers' delight.

Promotion and marketing initiatives were launched to heighten customers' awareness of these new products. TV commercials emphasizing the uniqueness and freshness of these new products successfully piqued our customers' interest to taste these products.

"Club 100" VIP was a Loyalty Program introduced six years ago to provide us with closer linkage to our customers. In the past year, we added bonus programs as well as a Lucky Draw Campaign to encourage our members' repeat patronage.

In the face of new operational challenge, we made appropriate adjustments to our strategies. A review of our purchase function and fine-tuning of our sourcing policy led to a more optimal level of global purchasing mix. At the same time, not only did we optimize our store size to improve per store productivity, we also achieved greater efficiency by simplifying our menu and streamlining the frontline operational flow.

Super Super Congee & Noodles

Specializing in Chinese cuisine, **Super Super Congee & Noodles** successfully penetrated the market and delivered encouraging results to the Group, helping to lessen the profit erosion seen at **Café de Coral**.

During the year, four new stores were added to this portfolio, taking the total number of outlets to 20 as of 31st March, 2011. With its product range focused on healthiness, this brand has achieved broad recognition amongst our customers in the public housing estates, office districts and residential areas. That our new outlet opened to great success in May 2011 at the Discovery Bay Plaza on Lantau Island was testimonial to this brand's increasing popularity in the market.

In view of its remarkable business performance, the Group will be allocating greater resources to support **Super Super Congee & Noodles'** growth. We expect meaningful growth in this promising business segment.

Oliver's Super Sandwiches

Oliver's Super Sandwiches is our flagship brand in the freshly-made sandwich market. For the year under review, it delivered an impressive business performance, achieving double-digit same store sales growth.

Oliver's Super Sandwiches has been operating with a smaller footprint and better utilizing its labour in the frontline. Thus, this business model has been less cost sensitive under the inflationary environment. Management expanded our presence in this market of higher spending customers for the long term benefit of the Group.

As of 31st March, 2011, the total number of outlets under this brand was 20, inclusive of the two new shops opened during the year.

Other Quick Service Restaurants

With a growing demand for Western restaurants, the Group continued to develop its other quick service Western concepts.

Leveraging off the expertise and skills accumulated in operating **Oliver's Super Sandwiches**, we have not only developed other brands like **ME.N.U.** and **Cooking MaMa 360**, but we also created in 2007 a joint-venture exclusive franchise "**Espressamente illy**", to explore the high-end coffee market in Hong Kong. In August of 2010, we acquired "**MIX**", a chain of casual fast restaurants selectively situated at premium locations in Hong Kong, specializing in innovative juice offerings and smoothies.

As of 31st March, 2011, the number of outlets under these themed restaurants totalled 13, well positioning us to step up to an even more meaningful presense in this market segment of great potential.

Institutional Catering

Asia Pacific Catering

During the year, **Asia Pacific Catering** successfully renewed all major catering contracts. Continuous effort was made in exploring the commercial sector and we witnessed the success of this effort in the addition to our list of clients with international renowned names such as Dragonair and Hong Kong Disneyland.

Given a business nature that did not allow it to unilaterally adjust its contracted price points, and an inflationary operating environment, **Asia Pacific Catering** also adopted stringent cost control measures to minimize the impact of rising raw materials and labour costs.

Luncheon Star

Luncheon Star is our business vehicle in the school catering sector.

Luncheon Star performed to Management's expectation. While still benefiting from the successful adoption of the cook-chill technology, we have been investing in new technology to meet the rising market demand for on-site school catering due to increased environmental concerns. As of today, we have 10 sites where we are serving students with on-site cooking. By offering a wider range of choices as to how meals could be served, we improved our chances of success in securing and expanding our client base.

In addition, international accreditations in the areas of food safety, nutrition and environmental protection speak to **Luncheon Star's** commitment to deliver healthy and safe food items to its clients, winning the hearts of parents and the confidence of teachers in their selection of meal caterers.

Specialty Restaurant

The Spaghetti House and Spaghetti 360º

Competition in the mid-priced specialty restaurant sector remained keen during the year. This, coupled with escalating food costs, posed major challenge to **The Spaghetti House** with its profit contribution being eroded.

To counter the negative impact, **The Spaghetti House** responded with various marketing initiatives, such as the introduction of innovative products with high perceived value, joint promotion with banks offering special discount to customers, as well as launching various advertising campaigns to remain 'top-of-mind'. These initiatives proved to be fruitful as seen from subsequent increase in patronage and sales growth.

On the other hand, to broaden our reach in the mid-priced restaurant sector, another home-grown brand with a younger image – **Spaghetti 360º** was launched. It was well received by the Market.

As of 31st March, 2011, the total number of restaurants in Hong Kong under these two brands was 28 units.

PRC OPERATIONS

Since our new store opening program in Southern China was relaunched in 2002, we have ramped up our year on year store opening there.

Benefiting from having been in this important market for a number of years, we have built up a scalable platform across both first and second-tier Delta cities where we have presence. Capitalizing on this, we have been actively exploring business opportunities of this promising market of growing affluence.

As of today, I am glad to report that the total number of the Group's outlets in China is over a hundred, with 101 stores in Southern China and 9 stores in Eastern China. This business platform has well-positioned us to capture any business opportunities arising in these regions.

No unlike our other business platforms, our PRC business was also negatively impacted by escalating food costs as well as increases in local minimum wages. We were able to, in this case, shift the cost increments to our customers, leaving our profitability intact. We attributed this to the Group's strong branding power in Hong Kong, its spill-over effect given the proximity of Hong Kong and China, and the growing concerns on food safety.

Quick Service Restaurant

Café de Coral continued its branch development program in Southern China. During the year, another 12 new stores were added to its portfolio, bringing the total number of this branded restaurant in Southern China to 75 as of 31st March, 2011.

We intentionally slowed our pace of branch development than originally planned. This allowed us to refine our site-selection process and improve the profitability of our future **Café de Coral** outlets in Southern China. During the year, a professional team specializing in site investigation and store construction was assembled to speed up the process of store openings. Together with the teams that we have already put in place for Operations and Training, we expect to accelerate our store opening rate to 30 new stores per year in order to blanket this affluent and growing market.

To support our robust development plan in Southern China, I am pleased to report that the central food processing plant commenced operation in May 2011, and the adjoining multi-purpose training facilities and the back-office that will provide regional support are expected to be in full operation in August this year. These facilities speak to our dedication and commitment to having not less than 200 outlets in Southern China by 2014.

On a separate front, since disposing part of the equity interest in **New Asia Dabao**, our management team focused its effort to develop the **Café de Coral** brand in Eastern China. With experience and management expertise accumulated over the years, we have now a business model that caters to the needs of customers in modern cities. The response so far has been encouraging.

Given rising rental costs in major cities like Shanghai, we will approach branch development with caution and carefully study the feasibility of opening outlets in other cities in Eastern China. As of 31st March, 2011, **Café de Coral** had 7 units in Eastern China.

As of 31st March, 2011, the Group held a 25% interest in **New Asia Dabao**, which had a total of 56 outlets in Eastern China.

Institutional Catering

Asia Pacific Catering

In addition to business opportunities in Hong Kong, this catering unit made the strategic decision to also pursue business opportunities in the PRC.

While maintaining its client base in the traditional manufacturing sector, **Asia Pacific Catering** has actively been pursuing business opportunities with institutional clients from other sectors, and to expand its market share in the Pearl River Delta Region.

The successful opening of catering units in United International College in Zhuhai, PRC, validated our strategy in exploring different institutional catering markets. Our success in setting up and operating these units provided us with further confidence to secure similarly reputable institutional clients in the region.

As of today, we have a total of 16 operating units under this brand in the PRC.

Specialty Restaurant

The Spaghetti House

Recognizing the general trend of an ever-growing middle class, we introduced "**The Spaghetti House**" in Southern China in 2004 to tap into the mid-priced western restaurant market.

Since then, in view of the encouraging response, we rolled out this concept to other first-tier cities in the Pearl River Delta Region, such as Shenzhen, Guangzhou, Foshan and Zhuhai. As of today, there is a total of 7 outlets in the region. We are ready to further expand this branded restaurant when the time is ripe.

Food processing and distribution

Scanfoods

Scanfoods, our food processing and distribution business, delivered satisfactory performance during the year despite the sharp increase in raw material and labour costs.

To contain negative impact from such rising costs, **Scanfoods** adopted various measures such as close monitoring of pricing points of its major raw material and building up inventory whenever favorable. Plan was also underway to upgrade this unit's production and logistic facility in a market of fierce competition.

NORTH AMERICAN OPERATIONS

Manchu WOK

The year under review was another difficult year for **Manchu WOK**. Despite the adverse business environment, **Manchu WOK** managed to deliver a better-than-expected performance for the year.

Such performance was a result of our management effort in riding out the poor business environment, in particular, the United States market where the economic outlooks were still uncertain and unemployment remained high in the aftermath of the global financial crisis. In this regard, we continued to roll out our revamped store design, refreshing our store image. Such innovative store design had not only improved store performance but also won the applause and recognition of landlords as leader of excellence in retail design. In addition, we enriched our offerings by introducing a wider range of healthy food items for customers' choice, capturing the growing culture of a healthier life-style.

In addition to continuous development of **Manchu WOK** Chinese fast food, we tapped into the lucrative Asian Fusion Cuisine market in North America where Asian food is fast becoming mainstream. "**SenseAsian**" is an example of such new concepts, under which banner we offer freshly-cooked and premium quality Asian fast food to a changing western palate.

The year also marked the 30th Anniversary of **Manchu WOK** since its inception in 1980. To celebrate this commemorative moment, we held an annual convention in Macau, China during the year, sharing with our franchisees our business direction as well as the strategies we would pursue in North America.

On 31st March, 2011, **Manchu WOK** had a total of 159 restaurants operating primarily in North America.

LOGISTIC SUPPORT

Central Food Processing Plants

As reported previously, the Group has been actively pursuing the construction of two new central food processing plants located in Guangzhou Development District, China and Tai Po Industrial Estate, Hong Kong.

Our new central food processing plant in Guangzhou commenced operation in May 2011 and the adjoining multi-purpose training facilities are expected to be fully operational in August this year.

Once these facilities are put into full use, we will not only be able to greatly strengthen our competitive advantage in terms of food quality, safety, and consistency. Our production capacity and efficiency will improve along with our quality of service and operational excellence. With this major strategic advantage, we will be well-positioned to accelerate our realization of the great potential in the PRC market.

On the other hand, the Company made an announcement in March 2011 that the construction of a super-structure for our new central food processing plant in Hong Kong will commence in March 2011. Completion is expected to be in April 2012.

The new central food processing plant in Hong Kong will optimize our production efficiency and fully support our restaurant chains in Hong Kong. Our production logistic will be further improved to provide us with more savings both at the front and back ends.

Information Technology

We recognize the integral nature of information technology to our business and see it as one of our key competitive tools. As such, we continue to upgrade and apply appropriate IT solutions in different business units to streamline workflow to an optimal level. Improvement made to the Branch Management System last year enhanced the processing capability of all the branches' transactions. We also constantly explore new IT solutions for application to our business. For example, we introduced iPad 2 into selected shop(s) of **The Spaghetti House** to promote our products.

Given our growth strategy as formulated in the 2009-2014 "Five-Year Corporate Plan", we believe that information technology has a pivotal role in the execution of said corporate plan. In this regard, the Group has allocated sufficient resources to support the on-going development of information technology.

Human Resources & Training

As at 31st March, 2011, the Group (other than associated companies and jointly controlled entity) employed approximately 16,000 employees. Remuneration packages including those of directors are generally structured by reference to market terms, individual qualifications, experience, duties and responsibilities. With a Share Option Scheme together with profit sharing bonus and performance incentive system, employees were entitled to share in the growth of the Group.

During the year, various training activities, such as training on operational safety, management skills as well as mentorship program, have been conducted to improve the front-end quality of services as well as to ensure the smooth and effective installation of the Group's business systems.

To equip for our 5-year plan execution, we have also instituted an Executive Development Program to enhance on the depth and breath of our management staff for purpose of their future career development. This exercise is an integral part of our management succession plan to ensure sustainable growth of our business.

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

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

FINANCIAL REVIEW

The Group's financial position, as at 31st March, 2011, continues to be very strong, with a net cash of close to about HK$993 million and available banking facilities of HK$626 million.

As at 31st March, 2011, the Group did not have any external borrowing (31st March, 2010: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2010: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2011.

As at 31st March, 2011, the Company has given guarantees approximately HK$626,000,000 (31st March, 2010: HK$660,192,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

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

PROSPECTS

The introduction of statutory minimum wage in May 2011 caused the labour market to reshuffle workers in the lower end of payscale. We believe the market will take some time before attaining equilibrium. Meanwhile, our bottom-line will unavoidably be impacted in the short term.

Looking ahead, we expect surging costs in raw materials, rental, and labour to exert tremendous pressure on the catering industry. However, by proactively taking on such challenge and adopting various initiatives, we expect our operational efficiency to improve so our overall increase in costs could be minimized. To this end, we will continue to adjust our business models to become more cost effective, to deliver our products with quality and value, and to stay ahead of competition in an increasingly competitive environment.

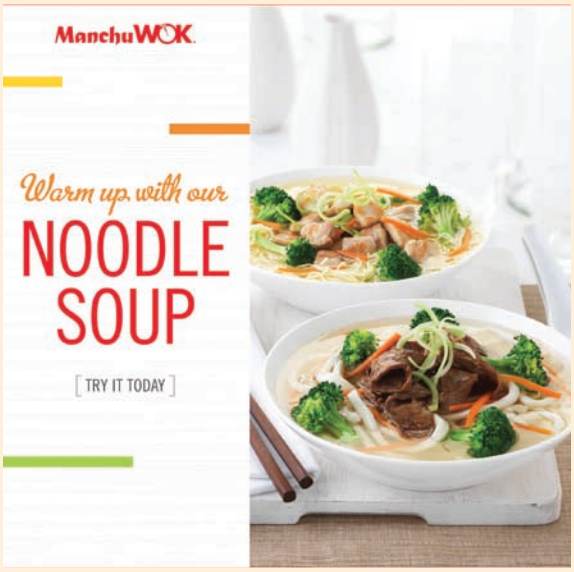
With the launch of a nationwide high-speed rail network, we are witnessing a gradual emergence of mega cities in the PRC along the railway lines. We view such cities as fertile grounds for future expansion of our business. Given rising domestic consumption power in China, we will continue with an active build-up of our store network in this market of immense potential.

Despite our long term optimism, one word of caution though is our immediate concern over the multiple cost challenges and industry consolidation in the catering sector, which would call for our watchfulness on the market dynamics and the associated business model adjustments. After all, we all need to compete for the survival of the fittest.

In July 2011, the Group will mark its 25th anniversary of listing on the Stock Exchange of Hong Kong. I would like to take this opportunity to thank the dedication and commitment of our staff over the years. Without their whole-hearted devotion, Café de Coral would not have become an international catering group with the standing that it is.

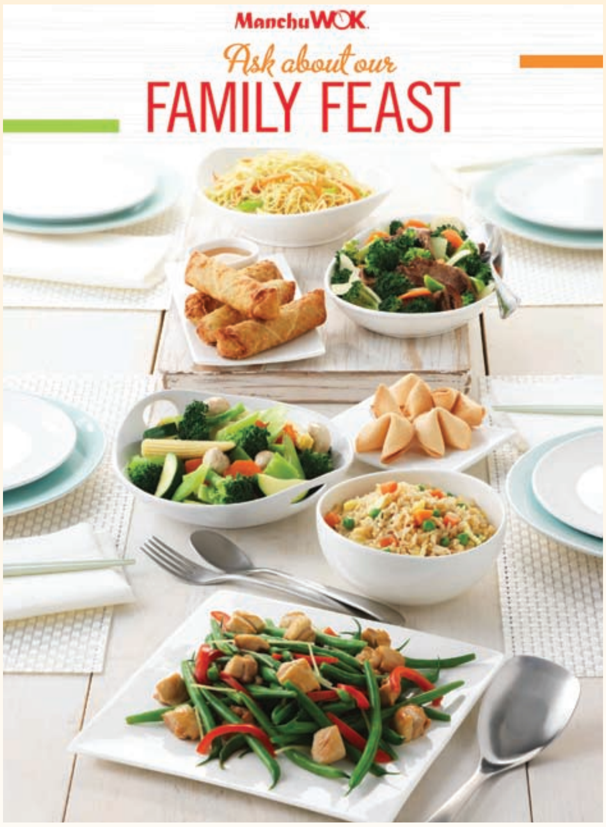
Lo Hoi Kwong, Sunny
Managing Director

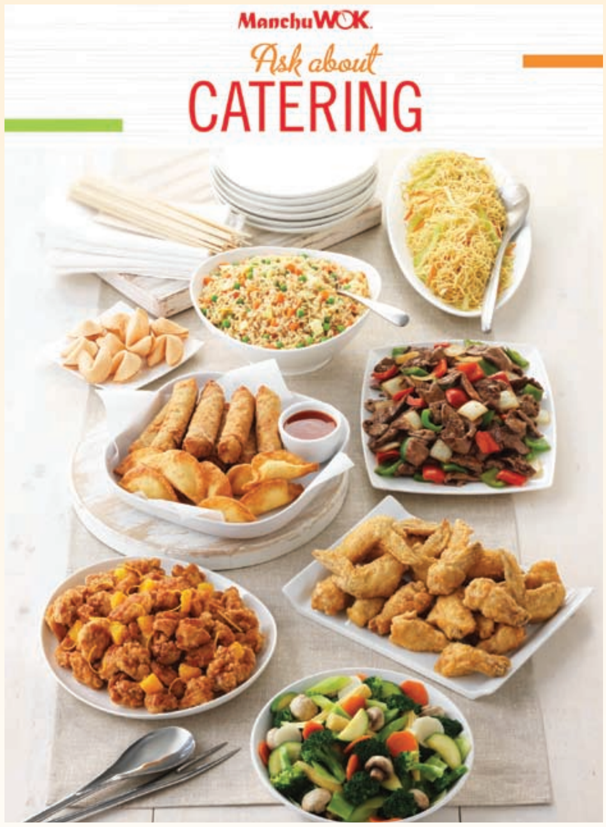
Hong Kong, 29th June, 2011


ManchuWOK
Warm up with our
NOODLE SOUP
[TRY IT TODAY]


Manchu WOK
Get
REFRESHED
ADD A DRINK TO YOUR MEAL TODAY!


Manchu WOK
30 YEARS 1980 2010
MACAU


ManchuWOK
Ask about our
FAMILY FEAST


ManchuWOK
Ask about
CATERING


Manchu WOK
FEEL THE
FAST & FRESH
DIFFERENCE
COMING
SPRING 2011

CHAIRMAN

Mr. Chan Yue Kwong, Michael, aged 59, 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, an Honorary Doctorate Degree in Business Administration, and an Honorary Fellow from Lingnan University. He is currently an Executive Committee Member of the Hong Kong Retail Management Association, General Committee Member of the Employers' Federation of Hong Kong, Appointed 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 and a Court Member of the Hong Kong University of Science and Technology. Besides, he is also the Honorary President of Hong Kong Foodstuffs Association, the Honorary Chairman of the Hong Kong Institute of Marketing and the Chairman of the Business Enterprise Management Centre of the Hong Kong Management Association as well as being appointed by HKSAR Government as Member of the Hong Kong Tourism Board.

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 Tak Shing, Peter and Mr. Lo Ming Shing, Ian, all of whom are Directors of the Company.

MANAGING DIRECTOR

Mr. Lo Hoi Kwong, Sunny, aged 55, 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 Tak Shing, Peter and Mr. Lo Ming Shing, Ian, all of whom are Directors of the Company.

EXECUTIVE DIRECTOR

Ms. Lo Pik Ling, Anita, aged 58, 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 Tak Shing, Peter and Mr. Lo Ming Shing, Ian, all of whom are Directors of the Company.

Mr. Lo Tak Shing, Peter, aged 49, is the Director of Group Production Logistics. He joined the Company in 1996 and has been an Executive Director of the Company since 1998. He is responsible for the daily management of the food processing centre in Hong Kong and PRC and the purchasing function of the food processing plant in Southern China. 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. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Ming Shing, Ian, 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 96, 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 Tak Shing, Peter and Mr. Lo Ming Shing, Ian, both of whom are Directors of the Company.

Mr. Lo Ming Shing, Ian, aged 37, was appointed as a Non-executive Director of the Company in April 2010. He is currently a director of Property Exchange Services Limited ("PES"). Prior to joining PES, he served as Advisor (Special Projects) and Manager (Food Manufacturing) of the Group during the period from November 2003 to June 2009. Mr. Lo holds a Bachelor's degree of Arts, major in Economics from University of Toronto.

Mr. Lo is the son of Mr. Lo Hoi Chun who is a substantial shareholder of the Company. He is also 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.

NON-EXECUTIVE DIRECTOR

(Continued)

Mr. Hui Tung Wah, Samuel, aged 57, joined the Group in 1984 and has been a Non-executive Director of the Company since 1997. He is an executive director of Greenheart Group Limited (formerly known as "Omnicorp Limited") whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Hui is also a non-executive director of WLS Holdings Limited, a company whose shares are listed on the GEM Board of The Stock Exchange of Hong Kong 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 in the United Kingdom.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Choi Ngai Min, Michael, J.P., aged 53, was appointed as an Independent Non-executive Director of the Company in 1994 and is Chairman of Remuneration Committee and a member of Audit and Nomination Committees. He is the chairman of Land Power International Holdings Limited. Mr. Choi has been in the real estate industry for over 30 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, the President of the Advisory Council 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, Chairman of the Incorporated Owners' of Tregunter, a member of the Advisory Board on Business Studies of the Lingnan University and an 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 61, was appointed as an Independent Non-executive Director of the Company in 1994 and is Chairman of Nomination Committee and a member of the Audit and Remuneration Committees. He is Chairman of MCL Partners Limited, a Hong Kong-based financial advisory and investment firm, and has extensive experience in the fields of investment banking, merchant banking and capital markets. He is a non-executive director of The Bank of East Asia, Limited and AFFIN Bank Berhad and an independent non-executive director of China Everbright International Limited, Kunlun Energy Company Limited, Kowloon Development Company Limited, Pokfulam Development Company Limited and Tai Ping Carpets International Limited. He was the Chairman of Atlantis Asian Recovery Fund Plc. (listed in Ireland), and a 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 Degree of Science in Civil Engineering from Brown University.

INDEPENDENT NON-EXECUTIVE DIRECTOR

(Continued)

Mr. Kwok Lam Kwong, Larry, B.B.S., J.P., aged 55, 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 currently the Managing Partner, Mainland China and Hong Kong of Mallesons Stephen Jaques. Mr. Kwok is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a member of The Institute of Chartered Accountants in England and Wales. Mr. Kwok graduated from the University of Sydney, Australia with a Bachelor's degree in economics and laws respectively, and a Master's Degree in laws. He also graduated from the Advanced Management Program of the Harvard Business School. Mr. Kwok is currently Chairman of the Traffic Accident Victims Assistance Advisory Committee, Chairman of the Finance Committee of Kwai Chung Hospital/Princess Margaret Hospital, a member of the Hospital Governing Committee of Kwai Chung Hospital /Princess Margaret Hospital, a member of the Hong Kong Tourism Board and a member of 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. Look Guy, aged 54, was appointed as an Independent Non-executive Director of the Company in April 2009 and is Chairman of Audit Committee. Mr. Look has over twenty-nine 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 the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He is also a member of the Professional Accountants in Business Leadership 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.

SENIOR MANAGEMENT

Ms. Lau Lee Fong, Rosa, aged 56, joined the Group in 1979 and is currently the Senior General Manager – Specialty Restaurants of the Group. She is responsible for development, management of the chain of The Spaghetti House Restaurants and Oliver's Super Sandwiches, and the MIX business in Hong Kong and overseas. 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.

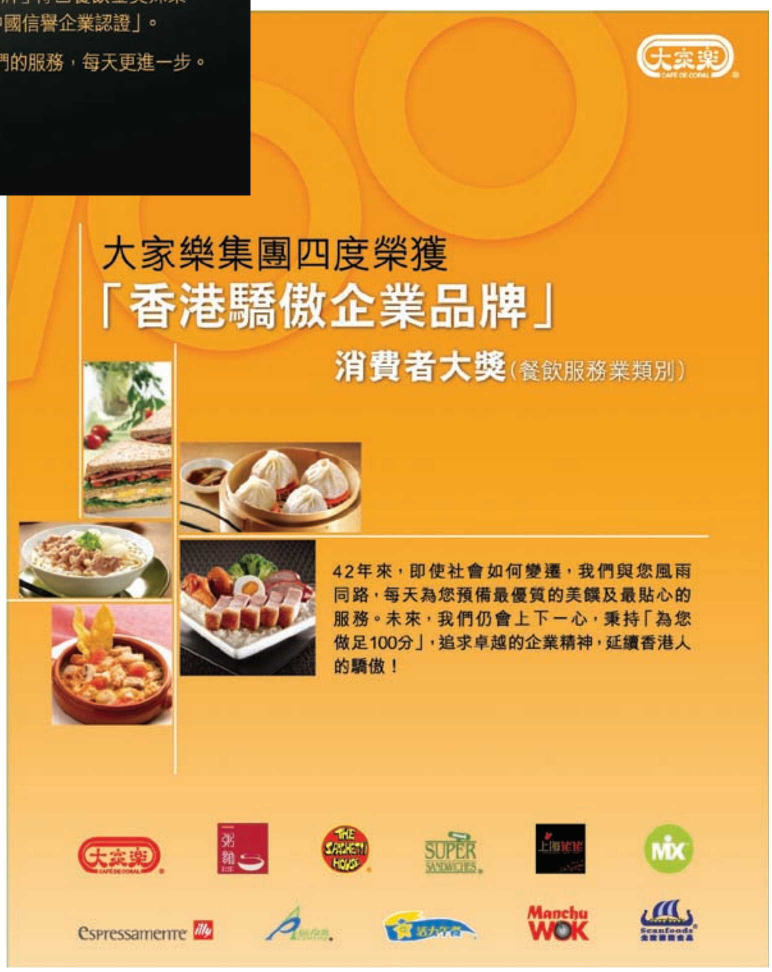
Mr. Lee Wai Kee, aged 56, joined the Group in 1973 and is currently the General Manager (South China Fast Food). He has extensive experience in the fast food business and is now responsible for the development and management of fast food business in South China.

Mr. Chen Siu Min, Kelvin, aged 60, joined the Group in 2004 and is currently the President and Chief Executive Officer of Manchu WOK. He is responsible for development and management of the quick service restaurant chain in North America. He holds a Bachelor Degree in Accounting and a Master Degree in Business Administration from the University of Southern California. He is also a Certified Public Accountant of the State of California.

Mr. Lim Hung Chun, Mike, aged 47, joined the Group in January 2011 as Chief Financial Officer. He is responsible for the overall management of the Group's finance and accounting, company secretarial, human resources, internal audit and information technology departments. He is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. He currently also serves as Independent Non-executive Director of Tsun Yip Holdings Limited.

Ms. Fung Lai Ngan, Ann, aged 47, joined the Group in August 2010 as Chief Administrative Officer (China). She is in charge of our China Administration Department, overseeing all functional duties with respect to the finance and accounts, legal affairs, human resources, internal control and management information systems of our business in China. She is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.


大家樂5年冠
獲頒全國「香港名牌榮譽金獎」及
「中國信譽企業認證」
2010
讓我們引以自豪的，除了獎項，更是來自兩岸三地共140萬名消費者的投票支持。
大家樂連續5年奪得「全國消費者最喜愛香港品牌」特色餐飲金獎殊榮，
更獲頒「榮譽金獎」；同時，亦三度蟬聯「中國信譽企業認證」。
你多年來的認同，不斷推動我們勇往前行，讓我們的服務，每天更進一步。
大家樂見


大家樂集團四度榮獲
「香港驕傲企業品牌」
消費者大獎(餐飲服務業類別)
42年來，即使社會如何變遷，我們與您風雨同路，每天為您預備最優質的美饌及最貼心的服務。未來，我們仍會上下一心，秉持「為您做足100分」，追求卓越的企業精神，延續香港人的驕傲！
espressamente illy
Manchu WOK

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, 2011 save and except for the deviation from Code Provision A.2.1, which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

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

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. 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, 2011.

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 Ming Shing, Ian
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 specific term 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, 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 currently chaired by Mr. Li Kwok Sing, Aubrey with Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Mr. Lo Tak Shing, Peter and Mr. Choi Ngai Min, Michael 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.

One meeting of the Nomination Committee was held during the financial year ended 31st March, 2011 (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, Mr. Li Kwok Sing, Aubrey and Mr. Lo Ming Shing, Ian as Directors of the Company to be proposed for shareholders' approval at the last Annual General Meeting held on 20th September, 2010.

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. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry and is chaired by Mr. Choi Ngai Min, Michael.

During the financial year ended 31st March, 2011, one meeting of Remuneration Committee was held to review the remuneration package of senior management 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. Look Guy with Mr. Li Kwok Sing, Aubrey, Mr. Choi Ngai Min, Michael and Mr. Kwok Lam Kwong, Larry as the members.

During the financial year ended 31st March, 2011, five meetings of Audit Committee were held. The following is a summary of the works performed by the Audit Committee during the year ended 31st March, 2011:

1. review of the Group's annual and interim results statements and the related result announcement and documents and other matters or issues raised by external auditors;

2. review of the findings from external auditors and internal control consultants;

3. review the independence of the external auditors and engagement of external auditors for annual audit;

4. review the audit plans, internal control plan, the development in accounting standards and its effects on the Group, goodwill assessment, connected transaction, financial reporting matters and risk management;

5. review on the adequacy of resources, qualifications, experience of staff of the Group's accounting and financial reporting function as well as their training programmes and budget;

6. discuss and review on the Group's financial investment policy and bank deposit policy;

7. approve on the current year external audit plan, review and monitor internal control performance as well as the effectiveness of the internal control system; and

8. review on corporate governance compliance.

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

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meeting (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) held for the year ended 31st March, 2011 are set out below:

	Number of meetings attended / held For the year ended 31st March, 2011				
	BM	**ACM**	**RCM**	**NCM**	**AGM**
Executive Directors					
Mr. Chan Yue Kwong Michael *(Chairman)*	7/7	N/A	N/A	1/1	1/1
Mr. Lo Hoi Kwong, Sunny *(Managing Director)*	7/7	N/A	N/A	1/1	1/1
Ms. Lo Pik Ling, Anita	7/7	N/A	N/A	N/A	1/1
Mr. Lo Tak Shing, Peter	7/7	N/A	N/A	1/1	1/1
Non-executive Directors					
Mr. Lo Tang Seong, Victor	6/7	N/A	N/A	N/A	1/1
Mr. Lo Ming Shing, Ian	7/7	N/A	N/A	N/A	1/1
Mr. Hui Tung Wah, Samuel	7/7	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Choi Ngai Min, Michael	7/7	5/5	1/1	1/1	1/1
Mr. Li Kwok Sing, Aubrey	6/7	5/5	1/1	1/1	1/1
Mr. Kwok Lam Kwong, Larry	6/7	5/5	1/1	N/A	0/1
Mr. Look Guy	7/7	5/5	N/A	N/A	1/1

EXTERNAL AUDITORS AND FINANCIAL REPORTING

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

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

A statement by the external auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 58 to 59.

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	3,643
Non-audit services	400
Total:	4,043

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group's 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, 2011.

Similar as before, the Management continued to engage Deloitte Touche Tohmatsu as external consultant to perform the Group's Internal Audit function with its internal audit team under a co-sourcing arrangement. The scope of work of co-sourcing team included the review of internal control system, working systems and workflows, as well as the management system. The review was conducted by making reference to the guidelines and definitions as outlined by the regulatory and professional bodies for the purpose of assessing five major internal control elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring.

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 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. Risk profile is reassessed periodically. Food safety is always the core risk element in the risk profile, its related controlling and monitoring mechanism have been embedded in the day to day business operations. Identified issues are closely managed and resolved in a proactive and timely manner.

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.

Annual internal audit work plan was developed based on the result of risk assessment. The work plan was reviewed and approved by the management and the Audit Committee. During the year, the co-sourcing project team conducted internal control reviews covering financial, operational, compliance controls of operations in Hong Kong and Southern China. Internal Audit function also performed ad hoc review requested by management. Key business heads in Hong Kong, PRC and North America confirmed the effectiveness of the internal controls system during the year. Result of internal controls reviews was reported to the management and the Audit Committee.

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 management reports and the result of internal control reviews.

Audit recommendations are agreed with respective department head. They are tracked and followed up for proper implementation. Progress is reported to the management and the Audit Committee on a regular basis.

In order to support the Group's business development especially in the Southern China, additional resources have been placed into the Internal Audit function. In the coming years, more audit coverage in the Southern China Operations is planned.

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 20th September, 2010, the Chairman demanded a poll on all resolutions. 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 send email directly to the investor relations responsible officer's email at irs@cafedecoral.com or browse the Company's website for getting latest release and financial result information.

Investors' Road Show and Conference

Other than meetings with fund managers and potential investors, the Company also participated in various road shows and investors' conference. Abstract of events for the current year were as follows:

Date	Event	Organiser	Location
March 2011	Asia Investment Conference	Credit Suisse	Hong Kong
December 2010	Road show	Mitsubishi UFJ	Tokyo
	Road show	Deutsche Bank	Singapore
October 2010	Greater China Investor Conference	Citigroup	Macau
July 2010	Road show	BOCI	Singapore
	Road show	CLSA	Singapore
April 2010	Road show	Mitsubishi UFJ	Tokyo
	Greater China Conference	Nomura	Chongqing
	Hong Kong Conference	Macquarie	Hong Kong

The Company also has conducted regular update with the financial analysts and financial media explaining the Company's business performance and future directions. During the year, there were 14 financial investment companies conducted research coverage for the Company. Details of research contact can be obtained at the Company's website.

New Update

The Company has updated the key calendar dates related to shareholders on page 3 of the Annual Report. In addition, the latest number of operating units of the Group are newly added and available at the Company's website.

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 a series of 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 have 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.

"Health and Safety" Committee

Taking full account of our health and safety obligations, the Group has formulated a "Health and Safety" Committee since 90's as well as setting up policies related to 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」for all functional departments and shops to observe and follow. Other than that, the "Health and Safety" Committee also organizes regular meetings and perform checking procedures including the inspection of all the safety and health measures being imposed by all Department and shops. Result of inspection and recommendation were being reported to the Management regularly.

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 Processing Plant and its Headquarter at Café de Coral Centre. The Group has deployed External Safety Auditor to audit, evaluate and improve our health and safety at work continuously since 2002. In addition, a work-station ergonometric assessment was implemented in order to prevent the 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 were dispatched to all new join staff. Health and safety poster and labels alerting different types of hazards have been posted at kitchen and staff rest room at branch.

Awards

It is honor to report that the Group has won different prizes as follows:

(1) "Catering Industry Safety Award Scheme (2010/11)" (勞工處飲食業安全獎勵計劃) organized by Labour Department of Hong Kong

(a) **Café de Coral Fast Food** chain won the Silver Prize in "Group Safety Performance Award" (集團安全表現獎) under "Fast Food Shops serving Chinese and general categories of food" (中式及一般快餐店) category;

(b) **Oliver's Super Sandwiches** won the Bronze Prize in "Group Safety Performance Award" (集團安全表現獎) under "Fast Food Shops serving Western food" (西式快餐店) category;

(c) **The Spaghetti House Restaurants** won the Bronze Prize in "Group Safety Performance Awards" (集團安全表現獎) under "Restaurants (Non-Chinese)" (非中式餐館) category.

(d) Staff of various strategic business units also won "Safe Worker Awards" (安全工友組) and "Supervisor Awards" (管理人員組).

(2) **The Spaghetti House Restaurant** chain awarded as "Caring Company" by The Hong Kong Council of Social Service in 2010.

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.

As there were increasing work pressure stress in Hong Kong's working environment, the Group raises the awareness of physical and mental health of our staff. Human resources and welfare related activities are implemented to encourage a healthy work-life balance and to improve the working condition of our employees in every aspect. To pursue its belief, the staff are encouraged to participate in regular recreational activities organized by the Company both internally and externally such as organizing variety of social activities, recreational activities and annual gathering during the year for all staff, including Walk for Millions, Fun Day, Annual Dinner and Christmas Party.

ENVIRONMENTAL RELATED ACTIVITIES

During the year, the Group has participated in various environmental related activities. Abstract of various activities were summarized as follows:

- **Oliver's Super Sandwiches** supported the '*922 Car Free Day 2010*' organized by the *Green Peace Hong Kong* for alerting the public awareness of eco-friendly.

- **Oliver's Super Sandwiches** supported the *Hong Kong Polytechnic University Environmental Friendly Month programme*.

- **MIX** QSR chain participated in the *WWF's Earth Hour Campaign* as well as supporting environmental activities in using the biodegradable plastic cups & packaging and environmental friendly ink on recycled paper.

- **"CDC" Fast Food** chain also promoted the environmental protection message among customers by using traymat *Environmental Protection Message* namely "re-use plastic bag, use recycled cutlery, order the right portion of rice".

- **Luncheon Star** joined the *Corporate Member Programme 2010 of WWF* and became its silver member on 3rd November, 2010 for sharing the social responsibility in the society as well as continuous participation in WWF's Earth Hour during the year.

PARTICIPATION IN EXTERNAL SOCIAL ACTIVITIES

The Group also participated in various social activities as a responsible corporation. Abstract of events were as follows:

- Employed people with intellectual disabilities and provides work opportunities to recovered mental patients via various volunteers and government subsidized association.

- Participated in the "Self-reliance (SFS) Scheme" organized by the Social Welfare Department by recruiting unemployed juveniles and enable them to secure full-time paid employment and move towards self-reliance.

- Support job training & provide employment opportunities for people with intellectual disabilities.

- Implement video broadcasting at **Café de Coral** branches for promoting different organizations message include "Hong Kong Federation of Youth Groups", "The Hong Kong Society of the Aged", "Jockey Club Center for Positive Ageing", "Hong Kong Dance Company", "Hong Kong Ballet", "Hong Kong Tourism Board", "Leisure and Cultural Services Department" and "HK Police Force".

SPONSORSHIP & DONATION

The Group has supported charity donation and sponsorship to various organizations and association during the year. Abstract of events were as follows:

- "Respect for life, begins with concern for animals" at Raffle Campaign 2010.

- Supported the Orbis donation programme by placing their donation boxes at all **Oliver's Super Sandwiches** QSR chain outlets.

- Sponsored the 'Lottery Ticket 2011'organized by the International Social Service Hong Kong to those families, children youth and elderly in need.

- Supported the World Cancer Research Fund (Hong Kong) & Child Welfare Schemes

- Sponsored the Charity Walk & Tree-Planting event from Wai Yin Association in order to raise fund for 'Wai Yin Loving Care Fund' to support various charitable projects.

- Joined The HK Federation of Youth Groups Raffle activities for charity donation.

- Implemented "Less Rice"(少飯多愛行動) campaign at all **CDC fast food** shops.

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, 2011.

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 112 to 118.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 63.

The details of dividends for the year ended 31st March, 2011 are set out in *Note 30* to the consolidated financial statements. An interim dividend of 17 HK cents per share, totaling approximately HK$95,649,000 was paid on 29th December, 2010. The directors recommended the payment of a final dividend of 45 HK cents per share and a special dividend of 25 HK cents per share, totaling approximately HK$395,098,000.

RESERVES

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

Distributable reserves of the Company as at 31st March, 2011 amounted to approximately HK$623,178,000.

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 159.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$16,000.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in *Note 22* 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 160 to 162.

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, 2011. 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	37,533,903 ordinary shares representing 6.65% of the issued share capital as at 29th June, 2011
Maximum entitlement of each participant	In any 12-month period shall not exceed 1% of the shares in issue
Period within which the securities must be taken up under an option	5 years commencing on the date on which an option becomes exercisable and expiring on the last day of the 5-year period save that such period shall not expire later than 10 years from the date on which the option is deemed to be granted and accepted in accordance with the New Scheme

SHARE OPTION SCHEMES *(Continued)*

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, 2011 which have been granted under the Previous Scheme and the New Scheme are as follows:

Type of grantees	Date of Grant	Options outstanding at 1st April, 2010	Granted during the year	Options exercised during the year	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 31st March, 2011
Executive Directors							
Mr. Chan Yue Kwong, Michael	01/11/2005[b]	1,200,000	–	(400,000)	–	–	800,000
	02/10/2007[b]	1,500,000	–	–	–	–	1,500,000
Mr. Lo Hoi Kwong, Sunny	01/11/2005[b]	1,600,000	–	–	–	–	1,600,000
	02/10/2007[b]	1,500,000	–	–	–	–	1,500,000
Ms. Lo Pik Ling, Anita	04/11/1999[a]	160,000	–	(80,000)	–	–	80,000
	02/10/2007[b]	450,000	–	–	–	–	450,000
Mr. Lo Tak Shing, Peter	02/10/2007[b]	200,000	–	–	–	–	200,000
Continuous contract employees	04/11/1999[a]	36,000	–	(6,000)	–	–	30,000
	01/11/2005[b]	4,436,000	–	(1,278,000)	–	(40,000)	3,118,000
	02/10/2007[b]	14,753,000	–	(2,493,500)	–	(412,000)	11,847,500
	28/10/2010[b]	–	4,040,000	–	–	–	4,040,000
		25,835,000	4,040,000	(4,257,500)	–	(452,000)	25,165,500

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$16.96 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$20.15.

SHARE OPTION SCHEMES *(Continued)*

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

Notes: (Continued)

(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$17.32 where in respect of the category of "Continuous contract employees", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK$20.11.

(e) The closing price of the Company's shares immediately before 28th October, 2010 on which options were granted under the New Scheme was HK$22.00. The fair value of share options granted during the year ended 31st March, 2011 and the accounting policy adopted for the share options are set out in *Notes 34 and 2.20(v)* to the consolidated financial statements respectively.

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

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

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

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

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the 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	(resigned on 1st April, 2010)
Mr. Lo Ming Shing, Ian	(appointed on 1st April, 2010)
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

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

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

The Company has received an annual confirmation of independence from each of the independent non-executive directors, Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey, 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 TRANSACTIONS

(i) Master Franchise Agreement

On 14th November, 2007, Café de Espressamente illy (HK) Limited ("Café de Espressamente illy"), an indirectly 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.

Prior to the Merger (as hereinafter defined), Café de Espressamente illy was a company owned by Vogue Asia Limited, being a wholly-owned subsidiary of the Company, and illy Bar Concept SpA ("illy Bar Concept") in the proportion of 70% and 30% respectively. illy Bar Concept acquired its shareholding in Café de Espressamente illy from its related company, illycaffe Asia Pacific Limited ("illycaffe Asia Pacific") in October 2009 (the "Transfer"). illy Bar Concept became a substantial shareholder of Café de Espressamente illy after the Transfer. illy was an associate (as defined under the Listing Rules) of each of illycaffe Asia Pacific and illy Bar Concept at the time before and after the Transfer respectively.

In June 2011, Café de Espressamente illy received notice from illy that it merged with illy Bar Concept in August 2010 ("Merger"). As a result of the Merger, the rights and obligations of illy Bar Concept in Café de Espressamente illy were vested in illy. illy then becomes a substantial shareholder of Café de Espressamente illy after the Merger.

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 the Company's announcement dated 14th November, 2007.

During the year ended 31st March, 2011, the amount paid or payable to illy or associate of illy did not exceed the annual cap of HK$35,000,000.

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

(ii) 2010 Framework Agreement

The Company and Fung Yuen Engineering Company Limited ("Fung Yuen HK") entered into a non-exclusive framework agreement dated 10th August, 2010 ("2010 Framework Agreement") which governed the terms upon which Fung Yuen HK and its subsidiaries ("Fung Yuen Group") would be engaged by the Group to conduct various interior decoration, renovation, repairing, maintenance and related projects (the "Renovation Transactions") for the period from 10th August, 2010 to 31st March, 2011, subject to the cap of HK$55 million.

As a result of the amendments made to the Listing Rules to extend the definition of "associate" effective 3rd June, 2010 (the "Amendments"), Fung Yuen Group becomes a connected person of the Company as Mr. Ng Lam To, the cousin of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita (both being directors of the Company), is deemed to have a majority control in Fung Yuen Group.

Details of the 2010 Framework Agreement were disclosed in the Company's announcement dated 10th August, 2010.

For the period from 10th August, 2010 to 31st March, 2011, the aggregate value in respect of the Renovation Transactions under the 2010 Framework Agreement amounted to HK$12.91 million.

(iii) Four Renovation Agreements

On 3rd September, 2010, the Company published an announcement reporting that four renovation agreements were identified to be entered into between the Company and Fung Yuen HK before 3rd June, 2010 but remained subsisting as at 3rd June, 2010 for conducting Renovation Transactions for the Group. The four renovation agreements became continuing connected transactions of the Company as a result of the Amendments.

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

(iii) Four Renovation Agreements *(Continued)*

Brief particulars of the four renovation agreements were as follows:

	1st Renovation Agreement	2nd Renovation Agreement	3rd Renovation Agreement	4th Renovation Agreement
Date of award letter	21st April, 2010	27th April, 2010	1st June, 2010	1st June, 2010
Consideration	HK$910,885.40 payable upon completion of services	HK$876,913 payable upon completion of services	HK$681,675 payable upon completion of services	HK$1,213,393 payable upon completion of services

Based on the above consideration, the annual cap, excluding any adjustment, is HK$3,682,866.40. Details of the transactions were disclosed in the Company's announcement dated 3rd September, 2010.

(iv) Exceptions to the 2010 Framework Agreement and Minor Works

On 21st April, 2011, the Company announced that certain transactions were entered into between the Group and Fung Yuen Group during the period from 12th February, 2009 to 31st March, 2011, in which such transactions had not been disclosed in the Company's announcements dated 10th August, 2010 and 3rd September, 2010 nor covered under the 2010 Framework Agreement. The transactions related to provision of interior decoration, renovation, adjustment, repairing, maintenance and/or related services ("Services") as well as certain advisory work for setting up the Group's restaurants in South China (the "Transactions").

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

(iv) Exceptions to the 2010 Framework Agreement and Minor Works *(Continued)*

Out of these Transactions, eight of them were conducted on a project basis for setting up or revamping the Group's restaurants and catering outlets, brief particulars of them were as follows:

	1st Transaction	2nd Transaction	3rd Transaction	4th Transaction
Date of commencement of work	25th March, 2010	28th May, 2010	12th February, 2009	30th April, 2010
Consideration	HK$387,830 payable upon completion	HK$369,300 payable upon completion	RMB1,593,547.80 (equivalent to about HK$1,897,080.71), by instalment and the final sum payable upon completion	RMB1,557,754.80 (equivalent to about HK$1,854,470), by instalment and the final sum payable upon completion

	5th Transaction	6th Transaction	7th Transaction	8th Transaction
Date of commencement of work	10th May, 2010	22nd June, 2010	8th November, 2010	30th October, 2010
Consideration	RMB1,468,121.20 (equivalent to about HK$1,747,763.33), by instalment and the final sum payable upon completion	RMB1,312,922.40 (equivalent to about HK$1,563,002.86), by instalment and the final sum payable upon completion	RMB1,436,366.67 (equivalent to about HK$1,709,960.32), by instalment and the final sum payable upon completion	In aggregate of RMB3,038,157.16 (equivalent to about HK$3,616,853.76), by instalment and the final sum payable upon completion

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

(iv) Exceptions to the 2010 Framework Agreement and Minor Works *(Continued)*

The remaining Transactions, namely Minor Works, comprised of 175 minor works contracts entered into between members of the Group and Fung Yuen Group between 3rd June, 2010 to 31st March, 2011 for provision of Services to the Group's operating restaurants, catering outlets and business premises in both Hong Kong and South China. The Minor Works have individual contract sum ranging from about HK$600 to HK$185,800 on a stand-alone basis, payable upon completion in most cases. The total contract sum of the Minor Works is about HK$1,664,296.09. The Transactions have an aggregate contract sum of about HK$14,810,557.08.

(v) Annual Confirmation

The independent non-executive directors of the Company reviewed the above continuing connected transactions (i.e. item (i) to (iv)) 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 conduct an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the above continuing connected transactions. The auditors have, based on the work performed, issued an unqualified letter to the Board of Directors of the Company in respect of the disclosed continuing connected transactions.

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

(vi) 2011 Framework Agreement

In view of the expiry of the 2010 Framework Agreement, the Company and Fung Yuen HK entered into a new non-exclusive framework agreement dated 21st April, 2011 which governed the terms upon which Fung Yuen Group would be engaged by the Group to conduct various interior decoration, renovation, adjustment, repairing, maintenance and/or related projects for the period from 21st April, 2011 to 31st March, 2014, which total values shall be subject to the following annual caps:

21st April, 2011 to 31st March, 2012	HK$55 million
1st April, 2012 to 31st March, 2013	HK$68 million
1st April, 2013 to 31st March, 2014	HK$85 million

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, 2011, the interests of each Director and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange 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 (f))*	**Total interests**	**% of total issued Shares**
Mr. Lo Hoi Kwong, Sunny	*(a)*	17,832,000	–	–	37,383,394	3,100,000	58,315,394	10.36%
Mr. Lo Tak Shing, Peter	*(b)*	210,000	–	–	89,308,213	200,000	89,718,213	15.93%
Ms. Lo Pik Ling, Anita		14,044,339	–	–	–	530,000	14,574,339	2.59%
Mr. Chan Yue Kwong, Michael	*(c)*	5,821,407	4,096,000	–	–	2,300,000	12,217,407	2.17%
Mr. Li Kwok Sing, Aubrey	*(d)*	55,000	–	–	–	–	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	–	–	–	–	25,837	0.01%
Mr. Lo Tang Seong, Victor	*(e)*	–	–	5,060,000	–	–	5,060,000	0.90%
Mr. Lo Ming Shing, Ian		40,000	–	–	–	–	40,000	0.01%
Mr. Choi Ngai Min, Michael		–	–	–	–	–	–	–
Mr. Kwok Lam Kwong, Larry		–	–	–	–	–	–	–
Mr. Look Guy		–	–	–	–	–	–	–

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes:

(a) Mr. Lo Hoi Kwong, Sunny was deemed to be interested in 37,383,394 shares held under a family trust in the capacity of founder.

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

(c) Mr. Chan Yue Kwong, Michael was deemed to be interested in 4,096,000 shares through interests of his spouse.

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

(e) Mr. Lo Tang Seong, Victor was deemed to be interested in 5,060,000 shares held by Team Gain International Inc which was wholly-owned by him.

(f) These represented interests of options granted to Directors under share option 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, 2011, the interests and short positions of every persons, other than a Director or Chief Executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

		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
Wandels Investment Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.86%
Sky Bright International Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.86%
Verdant Success Holdings Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.86%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	*(a)*	–	–	–	89,308,213	89,308,213	15.86%
Ms. Tso Po Ping	*(b)*	–	58,315,394	–	–	58,315,394	10.36%
Ardley Enterprises Limited	*(c)*	–	–	–	37,383,394	37,383,394	6.64%
Mr. Lo Hoi Chun	*(d)*	132,000	–	67,880,834	–	68,012,834	12.08%
Ms. Man Bo King	*(e)*	–	68,012,834	–	–	68,012,834	12.08%
LBK Holding Corporation	*(f)*	35,969,133	–	–	–	35,969,133	6.39%
MMW Holding Corporation	*(g)*	31,911,701	–	–	–	31,911,701	5.67%
Matthews International Capital Management, LLC	*(h)*	33,599,200	–	–	–	33,599,200	5.97%
Aberdeen Asset Management Plc and its Associates	*(h)*	28,340,000	–	–	–	28,340,000	5.03%

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(Continued)*

Notes:

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

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

(c) These interests were held by Ardley Enterprises Limited in the capacity of trustee. These interests represented part of the interests of Mr. Lo Hoi Kwong, Sunny, being a director of the Company.

(d) Mr. Lo Hoi Chun was deemed to be interested in 67,880,834 shares which were held, as to 35,969,133 shares, by LBK Holding Corporation ("LBK") and, as to 31,911,701 shares, by MMW Holding Corporation ("MMW"). Both of LBK and MMW were wholly-owned by Mr. Lo Hoi Chun.

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

(f) These interests were held by LBK Holding Corporation which is wholly – owned by Mr. Lo Hoi Chun.

(g) These interests were held by MMW Holding Corporation which is wholly – owned by Mr. Lo Hoi Chun.

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

All 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, 2011, the Directors are not aware of any other persons (other than a Director or Chief Executive of the Company) who have interests or short positions in the shares, underlying shares of equity derivatives of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

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, 2011, 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, 29th June, 2011

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAFÉ DE CORAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Café de Coral Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 60 to 158, which comprise the consolidated and company statements of financial position as at 31st March, 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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, 2011, 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, 29th June, 2011

Consolidated Statement of Financial Position

As at 31st March, 2011

	Note	As at 31st March, 2011 HK$'000	2010 HK$'000 (Restated)	As at 1st April, 2009 HK$'000 (Restated)
ASSETS				
Non-current assets				
Leasehold land and land use rights	*6*	**67,810**	69,058	70,417
Property, plant and equipment	*7*	**1,175,764**	1,033,870	903,805
Investment properties	*8*	**316,200**	266,100	230,800
Intangible assets	*9*	**190,676**	190,848	166,053
Investments in associates	*11*	**21,271**	20,578	6,239
Investment in a jointly controlled entity	*12*	**4,240**	4,118	34,521
Deferred income tax assets	*20*	**14,160**	6,832	19,974
Retirement benefit assets	*19*	**14,361**	20,412	–
Available-for-sale financial assets	*13*	**324,052**	351,695	199,590
Non-current prepayments and deposits	*14*	**228,369**	197,791	152,218
Financial assets at fair value through profit or loss	*17*	**38,392**	30,294	–
		2,395,295	2,191,596	1,783,617
Current assets				
Inventories	*15*	**170,986**	110,370	100,295
Trade and other receivables	*16*	**54,333**	56,149	58,823
Prepayments and deposits	*16*	**101,534**	105,773	96,822
Financial assets at fair value through profit or loss	*17*	**65,902**	69,954	37,023
Cash and cash equivalents	*18*	**993,333**	968,559	894,369
		1,386,088	1,310,805	1,187,332
Total assets		**3,781,383**	3,502,401	2,970,949
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	*22*	**56,313**	55,887	55,558
Other reserves	*23*	**836,259**	775,767	541,940
Retained earnings	*23*			
– Proposed dividends		**395,098**	252,419	211,241
– Others		**1,778,160**	1,769,332	1,566,356
		3,065,830	2,853,405	2,375,095
Non-controlling interests		**1,589**	1,595	2,098
Total equity		**3,067,419**	2,855,000	2,377,193

	Note	As at 31st March, 2011 HK$'000	2010 HK$'000 (Restated)	As at 1st April, 2009 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	*20*	**61,117**	56,303	57,752
Provision for long service payments	*19*	**14,249**	8,255	15,512
Retirement benefit liabilities	*19*	**–**	–	20,176
		75,366	64,558	93,440
Current liabilities				
Trade payables	*21*	**172,413**	147,969	117,601
Other creditors and accrued liabilities		**440,361**	399,603	348,738
Current income tax liabilities		**25,824**	35,271	33,977
		638,598	582,843	500,316
Total liabilities		**713,964**	647,401	593,756
Total equity and liabilities		**3,781,383**	3,502,401	2,970,949
Net current assets		**747,490**	727,962	687,016
Total assets less current liabilities		**3,142,785**	2,919,558	2,470,633

Approved by the Board of Directors on 29th June, 2011 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 68 to 158 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*10*	**1,134,795**	1,018,661
Current assets			
Prepayments, deposits and other current assets		**749**	1,466
Cash and cash equivalents	*18*	**126**	1,432
		875	2,898
Total assets		**1,135,670**	1,021,559
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*22*	**56,313**	55,887
Other reserves	*23*	**550,620**	486,571
Retained earnings	*23*		
– Proposed dividends		**395,098**	252,419
– Others		**133,613**	226,671
Total equity		**1,135,644**	1,021,548
LIABILITIES			
Current liabilities			
Other creditors and accrued liabilities		**26**	11
Total equity and liabilities		**1,135,670**	1,021,559
Net current assets		**849**	2,887
Total assets less current liabilities		**1,135,644**	1,021,548

Approved by the Board of Directors on 29th June, 2011 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Managing Director

The notes on pages 68 to 158 are an integral part of these financial statements.

Consolidated Income Statement

– By Function of Expense

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	24	**5,332,639**	4,882,668
Cost of sales	26	**(4,528,864)**	(4,050,776)
Gross profit		**803,775**	831,892
Other gains, net	25	**89,546**	49,428
Administrative expenses	26	**(283,706)**	(274,725)
Operating profit		**609,615**	606,595
Finance income	27	**7,298**	8,262
Share of profit of associates		**2,645**	2,330
Share of (loss)/profit of a jointly controlled entity		**(67)**	311
Profit before income tax		**619,491**	617,498
Income tax expense	28	**(105,169)**	(104,769)
Profit for the year		**514,322**	512,729
Allocated as:			
Loss attributable to non-controlling interests		**(6)**	(503)
Profit attributable to equity holders of the Company	29	**514,328**	513,232
Dividends	30	**490,747**	347,208
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic	31	**91.58 HK cents**	92.16 HK cents
– Diluted	31	**90.49 HK cents**	91.33 HK cents

The notes on pages 68 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2011

	2011 *HK$'000*	2010 *HK$'000*
Profit for the year	**514,322**	512,729
Other comprehensive income/(loss):		
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	**34,361**	35,354
Actuarial (losses)/gains on retirement benefit obligation recognised in reserve	**(17,001)**	44,489
Deferred income tax effect on actuarial losses/(gains) of retirement benefit obligation recognised in reserve	**2,805**	(7,341)
Fair value (losses)/gains on available-for-sale financial assets	**(19,428)**	144,211
Reserve released upon disposal of available-for-sale financial assets	**(18,490)**	–
Total comprehensive income for the year	**496,569**	729,442
Attributable to:		
– Equity holders of the Company	**496,575**	729,945
– Non-controlling interests	**(6)**	(503)
	496,569	729,442

The notes on pages 68 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April, 2010	55,887	775,767	2,021,751	2,853,405	1,595	2,855,000
Profit/(loss) for the year	–	–	514,328	514,328	(6)	514,322
Other comprehensive income/(loss):						
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	–	34,361	–	34,361	–	34,361
Actuarial losses on retirement benefit obligation recognised in reserve	–	–	(17,001)	(17,001)	–	(17,001)
Deferred income tax effect on actuarial losses of retirement benefit obligation recognised in reserve	–	–	2,805	2,805	–	2,805
Fair value losses on available-for-sale financial assets	–	(19,428)	–	(19,428)	–	(19,428)
Reserve released upon disposal of available-for-sale financial assets	–	(18,490)	–	(18,490)	–	(18,490)
Total comprehensive (loss)/income	–	(3,557)	500,132	496,575	(6)	496,569
Proceeds from shares issued	426	51,304	–	51,730	–	51,730
Employee share option scheme-value of employee services	–	12,745	–	12,745	–	12,745
Dividends	–	–	(348,625)	(348,625)	–	(348,625)
At 31st March, 2011	56,313	836,259	2,173,258	3,065,830	1,589	3,067,419

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2009	55,558	541,940	1,777,597	2,375,095	2,098	2,377,193
Profit/(loss) for the year	–	–	513,232	513,232	(503)	512,729
Other comprehensive income/(loss):						
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	–	35,354	–	35,354	–	35,354
Actuarial gains on retirement benefit obligation recognised in reserve	–	–	44,489	44,489	–	44,489
Deferred income tax effect on actuarial gains of retirement benefit obligation recognised in reserve	–	–	(7,341)	(7,341)	–	(7,341)
Fair value gains on available-for-sale financial assets	–	144,211	–	144,211	–	144,211
Total comprehensive income/(loss)	–	179,565	550,380	729,945	(503)	729,442
Proceeds from shares issued	329	38,823	–	39,152	–	39,152
Employee share option scheme-value of employee services	–	15,439	–	15,439	–	15,439
Dividends	–	–	(306,226)	(306,226)	–	(306,226)
At 31st March, 2010	55,887	775,767	2,021,751	2,853,405	1,595	2,855,000

The notes on pages 68 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Net cash generated from operations	33(a)	**699,069**	793,298
Hong Kong profits tax paid		**(93,606)**	(91,661)
Overseas taxation paid		**(18,627)**	(13,641)
Net cash generated from operating activities		**586,836**	687,996
Cash flows from investing activities			
Purchase of property, plant and equipment		**(310,370)**	(307,348)
Proceeds from disposals of property, plant and equipment	33(b)	**148**	250
Repayment from associates		**1,056**	200
Dividend received from associates		**3,233**	3,240
Dividend received from listed investments		**15,808**	12,838
Purchase of financial assets		**(103,965)**	(82,678)
Proceeds from disposals of interests in a subsidiary and a jointly controlled entity		**643**	18,022
Proceeds from redemption/disposal of available-for-sale financial assets		**112,553**	–
Net cash outflow for acquisition of a subsidiary	33(c)	**(4,080)**	–
Interest received		**6,605**	5,908
Net cash used in investing activities		**(278,369)**	(349,568)
Cash flows from financing activities			
Net proceeds from issue of shares upon exercise of share options		**51,730**	39,152
Dividends paid		**(348,625)**	(306,226)
Net cash used in financing activities		**(296,895)**	(267,074)
Net increase in cash and cash equivalents		**11,572**	71,354
Cash and cash equivalents at beginning of the year		**968,559**	894,369
Effect of foreign exchange rate changes		**13,202**	2,836
Cash and cash equivalents at end of the year	18	**993,333**	968,559

The notes on pages 68 to 158 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's shares are listed 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 29th June, 2011.

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 and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated 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*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The following new standards and amendments to standards are effective for the financial year ended 31st March, 2011 and are relevant to the Group.

- HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, any land interest where title was not expected to pass to the Group by the end of the lease term was classified as an operating lease under "Leasehold land and land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively with effect from 1st January, 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1st April, 2010 on the basis of information existing at the inception of those leases, and recognised certain leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating leases (included in leasehold land and land use rights) to finance leases (included in property, plant and equipment). Comparative information for 31st March, 2010 and 1st April, 2009 has been restated to reflect this change in accounting policy.

	As at 31 March,		As at 1st April,
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in leasehold land and land use rights	**(304,602)**	(265,234)	(270,504)
Increase in property, plant and equipment	**304,602**	265,234	270,504

  There is no impact upon the reported income for the current or prior years, although charges within the consolidated income statement have been reclassified from amortisation of leasehold land and land use rights to depreciation of property, plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements" are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1st April, 2010, are not currently relevant for the Group or do not have material impact on the Group for the year ended 31st March, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st April, 2010 and have not been early adopted by the Group:

New or revised standards, interpretations and amendments		**Effective for accounting periods beginning on or after**
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets	1st January, 2012
HKAS 24 (Revised)	Related Party Disclosures	1st January, 2011
HKFRS 1 (Amendment)	Limited Exempt from Comparative HKFRS 7 Disclosures for First-time Adopters	1st July, 2010
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July, 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1st July, 2011
HKFRS 9	Financial Instruments	1st January, 2013
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1st January, 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July, 2010

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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. 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)*

(a) Subsidiaries (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

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

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(c) 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.

(d) Jointly controlled entity

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.

Investment in a jointly controlled entity is accounted for by using the equity method of accounting and is initially recognised at cost.

The Group's share of its jointly controlled entity's 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(d) Jointly controlled entity *(Continued)*

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Chairman who makes strategic decisions.

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 financial assets 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances *(Continued)*

Translation differences on non-monetary financial assets and liabilities such as equities 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.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

2.6 Property, plant and equipment

The property, plant and equipment, except for freehold land and construction in progress *(Note 2.7)*, 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:

Leasehold land classified as finance lease	Shorter of remaining period of the lease or useful life
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 the end of the reporting period.

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. They 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 Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors 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 or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of jointly controlled entities or associates is included in investments in jointly controlled entities or associates 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 2 to 20 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Assets that have an indefinite useful life are not subject to amortisation, but 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 were impaired 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 non-current and 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 those with maturities greater than 12 months after the end of reporting date. These are classified as non-current assets. Trade and other receivables are classified as loans and receivables in the statement of financial position *(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 end of reporting 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 end of reporting 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 (losses)/gains, net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement 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 end of each reporting 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 costing method which approximates 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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

2.17 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 reporting 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 reporting 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 a jointly controlled entity, 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 terms 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 reporting 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 statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting 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 comprehensive income.

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 the reporting 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 comprehensive income.

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, under which the Group receives services from employees as consideration for equity instruments of the Company. 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 is determined by reference to the fair value of the options granted: (i) including any market performance conditions; (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets); and (iii) including the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. 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.

The grant by the Company of options over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity.

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 leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company'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 reporting 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Foreign exchange risk *(Continued)*

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 of its profits against changes in exchange rates of foreign currencies would not be significant.

(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 statement of financial position 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 reporting date.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Price risk (Continued)

As at 31st March, 2011, if the price of the listed securities has increased/decreased by 10% with all other variables held constant, the Group's other gains would have increased/decreased by HK$1,619,000 (2010: HK$1,223,000) arising from the financial assets at fair value through profit or loss and investment reserve would have increased/decreased by HK$32,126,000 (2010: HK$34,364,000) 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 statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

Majority of the Group's bank balances and, deposits and derivative financial instruments are placed in those banks and financial institutions which are independently rated with high credit ratings. 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(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, 2011, 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.

3.2 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, 2010 and 31st March, 2011.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's assets that are measured at fair value at 31st March, 2011.

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Total** *HK$'000*
Assets			
Available-for-sale financial assets			
– Listed investments	321,256	–	321,256
– Others	–	2,796	2,796
Derivative financial instruments	–	43,124	43,124
Investment portfolio			
– Debt investments	–	25,250	25,250
– Equity securities	16,187	–	16,187
– Others	–	618	618
Unlisted funds	–	19,115	19,115
Total financial assets measured at fair value	337,443	90,903	428,346

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31st March, 2010.

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Total** *HK$'000*
Assets			
Available-for-sale financial assets			
– Listed investments	343,643	–	343,643
– Others	–	8,052	8,052
Derivative financial instruments	–	50,457	50,457
Investment portfolio			
– Debt investments	–	19,509	19,509
– Equity securities	12,229	–	12,229
– Others	–	428	428
Unlisted funds	–	17,625	17,625
Total financial assets measured at fair value	355,872	96,071	451,943

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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)*.

(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.

The Group also has significant tax losses carried forward not recognised as deferred income tax assets. Deferred income tax assets in respect of tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

No deferred income tax assets are recognised when it is uncertain whether there are sufficient future taxable profits available before such tax losses expire where the final outcome of these uncertainties are different from the estimation, such differences will impact the carrying amount of deferred tax assets in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Fair values of financial assets

The fair values of financial assets that are traded in an active market are determined by the quoted market prices.

For fair values of financial assets not traded in an active market, the methodologies, models, assumptions used in determining the fair value of financial assets not traded in an active market and derivative financial instruments require judgement, which are mainly based on market conditions existing at each reporting date.

(f) Fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in income statement. It obtains independent valuations at least annually. At the end of each reporting period, the management update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in *note 8*.

5 SEGMENT INFORMATION

The Executive Chairman of the Group reviews the Group's internal reporting in order to allocate resources and to assess the business principally from a geographic perspective including Hong Kong, Mainland China and North America.

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

5 SEGMENT INFORMATION *(Continued)*

In view of the continuing expansion of businesses, the Executive Chairman now assesses performance and allocates resources according to the "segment results". As a result, the segment information of the Group for the current year and the comparative figures have been presented to reflect such change as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Year ended 31st March, 2011				
Total segment revenue	4,355,687	862,749	215,258	5,433,694
Inter-segment revenue *(Note i)*	(4,176)	(96,879)	–	(101,055)
Revenue (from external revenue) *(Note ii)*	4,351,511	765,870	215,258	5,332,639
Segment results *(Note iii)*	700,854	120,051	13,693	834,598
Depreciation and amortisation	152,856	56,803	15,324	224,983
Finance income	5,600	1,435	263	7,298
Share of profit of associates	2,300	107	238	2,645
Share of loss of a jointly controlled entity	–	(67)	–	(67)
Income tax expense/(credit)	90,200	16,896	(1,927)	105,169

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st March, 2010				
Total segment revenue	4,070,864	714,229	200,239	4,985,332
Inter-segment revenue *(Note i)*	(2,486)	(100,178)	–	(102,664)
Revenue (from external revenue) *(Note ii)*	4,068,378	614,051	200,239	4,882,668
Segment results *(Note iii)*	685,426	96,073	13,936	795,435
Depreciation and amortisation	135,573	38,984	14,283	188,840
Finance income	6,938	798	526	8,262
Share of profit of associates	1,769	561	–	2,330
Share of profit of a jointly controlled entity	–	311	–	311
Income tax expense/(credit)	92,570	14,369	(2,170)	104,769

(i) Inter-segment transactions were entered into in the normal course of business.

(ii) The Group has a large number of customers. For the year ended 31st March, 2011, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

5 SEGMENT INFORMATION *(Continued)*

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

	Group	
	31st March, 2011	31st March, 2010
	HK$'000	*HK$'000*
Segment results	**834,598**	795,435
Depreciation and amortisation	**(224,983)**	(188,840)
Operating profit	**609,615**	606,595
Finance income	**7,298**	8,262
Share of profit of associates	**2,645**	2,330
Share of (loss)/profit of a jointly controlled entity	**(67)**	311
Profit before income tax	**619,491**	617,498

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st March, 2011				
Segments assets	**2,252,421**	**785,993**	**286,102**	**3,324,516**
Segment assets include:				
Investments in associates	**1,966**	**16,730**	**2,575**	**21,271**
Investment in a jointly controlled entity	**–**	**4,240**	**–**	**4,240**
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	**268,160**	**117,654**	**17,783**	**403,597**
Year ended 31st March, 2010				
Segments assets	2,125,149	624,156	273,909	3,023,214
Segment assets include:				
Investments in associates	4,568	16,010	–	20,578
Investment in a jointly controlled entity	–	4,118	–	4,118
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	202,214	114,922	7,246	324,382

As at 31st March, 2011, the total non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets) located in Hong Kong is HK$1,341,176,000 (As at 31st March, 2010: HK$1,192,614,000), in Mainland China is HK$438,022,000 (As at 31st March, 2010: HK$360,829,000) and in North America is HK$225,132,000 (As at 31st March, 2010: HK$228,920,000).

5 SEGMENT INFORMATION *(Continued)*

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

	Group	
	31st March, 2011 ***HK$'000***	31st March, 2010 *HK$'000*
Total segment assets	**3,324,516**	3,023,214
Deferred income tax assets	**14,160**	6,832
Available-for-sale financial assets	**324,052**	351,695
Financial assets at fair value through profit or loss	**104,294**	100,248
Retirement benefit assets	**14,361**	20,412
Total assets	**3,781,383**	3,502,401

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		
	As at 31st March, 2011 ***HK$'000***	As at 31st March, 2010 *HK$'000* (Restated)	As at 1st April, 2009 *HK$'000* (Restated)
In Hong Kong, held on:			
Leases between 10 to 50 years	**22,976**	23,603	24,230
Outside Hong Kong, held on:			
Leases between 10 to 50 years	**44,834**	45,455	46,187
	67,810	69,058	70,417

6 LEASEHOLD LAND AND LAND USE RIGHTS *(Continued)*

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year, as previously reported	**334,292**	340,921
Effect of adoption of HKAS 17 (Amendment)	**(265,234)**	(270,504)
Beginning of the year, as restated	**69,058**	70,417
Amortisation of leasehold land and land use rights	**(2,170)**	(1,491)
Exchange differences	**922**	132
End of the year	**67,810**	69,058

Amortisation expense of HK$2,170,000 (2010: HK$1,491,000) has been included in cost of sales.

7 PROPERTY, PLANT AND EQUIPMENT

	Group				
	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, 2009					
Cost, as previously reported	114,363	563,846	1,152,838	30,337	1,861,384
Effect of adoption of HKAS 17 (Amendment)	346,820	–	–	–	346,820
Cost, as restated	461,183	563,846	1,152,838	30,337	2,208,204
Accumulated depreciation and impairment losses, as previously reported	(36,424)	(325,237)	(866,422)	–	(1,228,083)
Effect of adoption of HKAS 17 (Amendment)	(76,316)	–	–	–	(76,316)
Accumulated depreciation and impairment losses, as restated	(112,740)	(325,237)	(866,422)	–	(1,304,399)
Net book amount, as restated	348,443	238,609	286,416	30,337	903,805
Year ended 31st March, 2010					
Opening net book amount, as previously reported	77,939	238,609	286,416	30,337	633,301
Effect of adoption of HKAS 17 (Amendment)	270,504	–	–	–	270,504
Opening net book amount, as restated	348,443	238,609	286,416	30,337	903,805
Additions	–	113,806	105,259	88,283	307,348
Disposals	(6)	(730)	(3,000)	–	(3,736)
Depreciation	(7,690)	(72,979)	(95,706)	–	(176,375)
Impairment loss	–	(1,066)	(283)	–	(1,349)
Exchange differences	66	2,694	1,282	135	4,177
Closing net book amount, as restated	340,813	280,334	293,968	118,755	1,033,870

7 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Group				
	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 31st March, 2010					
Cost, as previously reported	114,481	657,089	1,194,863	118,755	2,085,188
Effect of adoption of HKAS 17 (Amendment)	346,820	–	–	–	346,820
Cost, as restated	461,301	657,089	1,194,863	118,755	2,432,008
Accumulated depreciation and impairment losses, as previously reported	(38,902)	(376,755)	(900,895)	–	(1,316,552)
Effect of adoption of HKAS 17 (Amendment)	(81,586)	–	–	–	(81,586)
Accumulated depreciation and impairment losses, as restated	(120,488)	(376,755)	(900,895)	–	(1,398,138)
Net book amount, as restated	340,813	280,334	293,968	118,755	1,033,870
Year ended 31st March, 2011					
Opening net book amount, as previously reported	75,579	280,334	293,968	118,755	768,636
Effect of adoption of HKAS 17 (Amendment)	265,234	–	–	–	265,234
Opening net book amount, as restated	340,813	280,334	293,968	118,755	1,033,870
Additions	55,324	114,488	109,114	66,787	345,713
Disposals	–	(2,914)	(2,678)	–	(5,592)
Depreciation	(8,665)	(92,353)	(108,468)	–	(209,486)
Acquisition of a subsidiary *(Note 33(c))*	–	1,152	325	–	1,477
Disposal of a subsidiary *(Note 33(d))*	–	(583)	(321)	–	(904)
Impairment loss	–	(1,239)	–	–	(1,239)
Exchange differences	423	4,709	3,176	3,617	11,925
Closing net book amount	387,895	303,594	295,116	189,159	1,175,764
At 31st March, 2011					
Cost	517,525	757,154	1,242,138	189,159	2,705,976
Accumulated depreciation and impairment losses	(129,630)	(453,560)	(947,022)	–	(1,530,212)
Net book amount	387,895	303,594	295,116	189,159	1,175,764

7 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Depreciation expenses of HK$200,474,000 (2010: HK$166,879,000) and HK$9,012,000 (2010: HK$9,496,000) have been included in cost of sales and administrative expenses, respectively.

(b) The Group's land and buildings are analysed as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Net book value:		
Freehold land	**14,811**	14,811
Leasehold land classified as finance lease	**304,602**	265,234
Buildings	**68,482**	60,768
	387,895	340,813

As at 31st March, 2011, the Group's freehold land was located outside Hong Kong.

As at 31st March, 2011, the Group's leasehold land with net book value of HK$304,602,000 (2010: HK$265,234,000) was located in Hong Kong under the following leases:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Leases of over 50 years	**51,378**	23,826
Leases between 10 to 50 years	**253,224**	241,408
	304,602	265,234

8 INVESTMENT PROPERTIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**266,100**	230,800
Fair value gains	**50,100**	35,300
End of the year	**316,200**	266,100

The investment properties were revalued at 31st March, 2011 and 31st March, 2010 by CB Richard Ellis Limited, an independent professionally qualified valuer. Valuations were based on open market basis for all properties.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**88,000**	77,000
Leases between 10 to 50 years	**228,200**	189,100
	316,200	266,100

9 INTANGIBLE ASSETS

	Group		
	Goodwill	Other intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 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
Year ended 31st March, 2010			
Opening net book amount	81,565	84,488	166,053
Amortisation expense	–	(10,974)	(10,974)
Exchange differences	18,229	17,540	35,769
Closing net book amount	99,794	91,054	190,848
At 31st March, 2010			
Cost	117,236	191,452	308,688
Accumulated amortisation and impairment losses	(17,442)	(100,398)	(117,840)
Closing net book amount	99,794	91,054	190,848
Year ended 31st March, 2011			
Opening net book amount	99,794	91,054	190,848
Amortisation expense	–	(13,327)	(13,327)
Acquisition of a subsidiary *(Note 33 (c))*	–	4,510	4,510
Disposal *(Note 33 (d))*	(105)	–	(105)
Exchange differences	4,832	3,918	8,750
Closing net book amount	104,521	86,155	190,676
At 31st March, 2011			
Cost	122,827	202,231	325,058
Accumulated amortisation and impairment losses	(18,306)	(116,076)	(134,382)
Closing net book amount	104,521	86,155	190,676

9 INTANGIBLE ASSETS *(Continued)*

(a) Amortisation expense of HK$13,327,000 (2010: HK$10,974,000) has been included in administrative expenses.

(b) Other intangible assets mainly represent trademarks, franchise rights and favourable lease agreements arising from acquisition of subsidiaries which have definite useful lives of 2 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.

	2011 ***HK$'000***	2010 *HK$'000*
North America	**103,417**	98,690
Hong Kong and Mainland China *(Note a)*	**3,906**	3,906
	107,323	102,596

Note a: Goodwill relating to an associate in Mainland China of HK$2,802,000 (2010: HK$2,802,000) was included in investments in associates *(Note 11)*.

The recoverable amounts of CGUs are determined based on fair value less costs to sell calculations. The calculations of the recoverable amounts of the CGUs in Hong Kong and Mainland China were compiled using cash flow projections based on financial budgets approved by management covering a five-year period. The calculations of the recoverable amounts of the North America CGU was derived from an estimate of the enterprise value of the CGU by (i) making reference to the market earnings and revenue multiples of comparable companies; and (ii) 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 cashflow approaches.

9 INTANGIBLE ASSETS *(Continued)*

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

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

– 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
– EV/Revenue multiple	Based on market multiples of comparable companies adjusted by differences in expected growth rate, risk level and profitability of the CGU

– Budgeted revenue growth rate (five-year period)	
– Corporate store revenue	Average growth rate of 3% per annum
– Franchise store revenue	Average growth rate of 10% per annum
– Revenue growth rate (beyond five years)	2%
– Discount rate	15%

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.

Management has performed sensitivity analysis for the goodwill arisen from the North America operation by adjusting the revenue growth rate as follows:

(i)	Over a five year period	1% less than based estimate
(ii)	Beyond five years	1% less than based estimate

Based on the above, the Directors are of the opinion that the recoverable amounts of the CGUs exceed the book value of the goodwill and accordingly, no impairment loss is required to be recorded by the Group during the year.

10 INVESTMENTS IN SUBSIDIARIES – COMPANY

	2011 HK$'000	2010 HK$'000
Unlisted investments, at cost	**331,802**	331,802
Amounts due from subsidiaries	**802,993**	686,859
	1,134,795	1,018,661

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, 2011.

The following is a list of the principal subsidiaries as at 31st March, 2011:

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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Bloomcheer Limited	Hong Kong	HK$500,000	Ordinary	100%	Catering
Bravo le Café Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Brilliantwin Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Café de Coral Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Central Processing Limited	Hong Kong	HK$20	Ordinary	100%	Food processing
Café de Coral (China) Limited	Hong Kong	HK$40,000,000	Ordinary	100%	Investment holding
Café de Coral (Denmark) ApS	Denmark	DKK125,000	Ordinary	100%	Investment holding
Café de Coral Development Limited[1]	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Fast Food Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Café de Coral Group Limited	Hong Kong	HK$44,894,967	Ordinary	100%	Catering
Café de Coral (Guangzhou) Catering Company Limited	The 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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Charley's Chicken Limited	Hong Kong	HK$2	Ordinary	100%	Catering
China Inn Restaurants, Inc.	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
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
Foshan Fortunate Spaghetti House Catering Company Limited	The PRC	HK$3,200,000	–	100%	Catering
Gateway City Limited	Hong Kong	HK$20	Ordinary	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Global Force Limited	Hong Kong	HK$7,300,000	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$23,500,000	–	100%	Food processing
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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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$1,600	Class B[3] Class C[4]	100% 100%	Investment holding
Manchu Wok (USA), Inc.	The United States of America	US$5,180,100	Common	100%	Fast food chains
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
Shanghai Arena Catering Management Limited	The PRC	HK$25,000,000	–	100%	Catering
Shenzhen Asia Catering Management Limited	The PRC	HK$2,000,000	–	100%	Catering consultancy

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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
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
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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2011: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Worldson Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Worldway Limited	Macau	MOP300,000	Ordinary	100%	Property investment
Yumi Yumi Caterers Limited	Hong Kong	HK$6,701,560	Class A[6]	100%	Catering
		HK$2,872,100	Class B[7]	100%	
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	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets	**18,409**	16,660
Goodwill	**2,802**	2,802
Due from associates *(Note b)*	**60**	1,116
	21,271	20,578

(a) Details of associates as at 31st March, 2011 are as follows:

Name	**Place of establishment/ incorporation and operations**	**Principal activity**	**Particulars of issued shares held**	**Interest held indirectly**
Café de New Asia Group Co., Limited	The PRC	Operation of restaurants	–	25%
Miracle Time Enterprise Limited	Hong Kong	Operation of a restaurant	Ordinary shares of HK$1 each	20%
Dai Bai Dang Restaurants Inc. ("DBD")	The United States of America	Catering	Common	40%

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

(c) The directors are of the opinion that the underlying value of the associates were not less than their carrying amounts as at 31st March, 2011.

(d) During the year, the Group disposed of its entire interest in an associate, Skybest International Investment Enterprise Limited, for a consideration of approximately HK$390,000, and recognised a loss on disposal of HK$587,000.

(e) During the year, the Group disposed of 11% interest in DBD, for a consideration of HK$643,000, and recognised gain on disposal of HK$584,000. Following this transaction, the Group's interest in DBD has reduced from 51% to 40%. As the Group has significant influence over DBD, DBD becomes an associate of the Group.

12 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets	**4,240**	4,118

(a) Details of the jointly controlled entity as at 31st March, 2011 are as follows:

Name	**Place of establishment and operations**	**Principal activities**	**Interest held indirectly**
Xian Scanfoods ZhaoLong Foods Company Limited	The PRC	In liquidation	60%

(b) The Directors are of the opinion that the underlying value of the jointly controlled entity was not less than its carrying amount as at 31st March, 2011.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**351,695**	199,590
Additions	**88,818**	21,834
Reclassified to non-current and current deposits	**–**	(13,940)
Redemptions/disposals	**(97,033)**	–
Fair value (losses)/gains recognised in reserve	**(19,428)**	144,211
End of the year	**324,052**	351,695

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

Available-for-sale financial assets include the following:

	Group	
	2011	2010
	HK$'000	*HK$'000*
– Listed investments	**321,256**	343,643
– Others	**2,796**	8,052
	324,052	351,695
Market value of listed securities	**321,256**	343,643

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
– HK dollar	**321,256**	343,643
– US dollar	**–**	8,052
– RMB	**2,796**	–
	324,052	351,695

The fair values of the listed investments are based on their current bid prices in an active market.

14 NON-CURRENT PREPAYMENTS AND DEPOSITS

Non-current prepayments and deposits mainly comprise rental and utility deposits and prepayments for property, plant and equipment.

Substantially all of the non-current prepayments and deposits were aged within five years and are denominated in HK dollar. These relate to a number of independent counterparties for whom there is no recent history of default. The existing counterparties do not have significant defaults in the past.

15 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$1,718,281,000 (2010: HK$1,519,915,000).

16 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**23,002**	22,864
Less: provision for impairment of receivables	**(718)**	(992)
Trade receivables – net	**22,284**	21,872
Other receivables	**32,049**	34,277
	54,333	56,149
Prepayments	**101,534**	98,140
Deposits	**–**	7,633
	101,534	105,773
	155,867	161,922

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.

16 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The ageing analysis of trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**19,123**	17,749
31 – 60 days	**1,838**	2,045
61 – 90 days	**517**	1,273
Over 90 days	**1,524**	1,797
	23,002	22,864

The movement in the provision for impairment of trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**992**	891
Provision for impairment	**57**	119
Receivables written off during the year	**(295)**	(30)
Exchange difference	**(36)**	12
End of the year	**718**	992

The creation and release of provision for impairment of 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, 2011, trade receivables of HK$1,524,000 (2010: HK$1,797,000) 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.

16 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

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 and deposits approximate their fair values due to their short term maturities.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
HK dollar	**38,200**	47,031
RMB	**13,830**	14,003
US dollar	**1,490**	2,000
Canadian dollar	**813**	748
	54,333	63,782

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Non-current financial assets at fair value through profit or loss:		
Derivative financial instruments *(Note a)*	**38,392**	30,294
Current financial assets at fair value through profit or loss:		
Investment portfolio *(Note b)*	**42,055**	32,166
Derivative financial instruments:		
– Credit-linked note	**–**	15,528
– Others	**4,732**	4,635
Unlisted funds	**19,115**	17,625
	65,902	69,954
Total	**104,294**	100,248
Market value of listed securities	**16,187**	12,229

(a) These derivative financial instruments include four (2010: three) guaranteed deposit notes with maturity dates ranging from three to five years. These notes are unsecured and bear interests at fixed or variable interest rates during the terms of the notes. Two (2010: two) of the guaranteed deposit notes bear interest at approximately 4% with the Note Issuers having the right to switch the interest coupon to floating rate of 3-month LIBOR plus 1% or 2% per annum. The remaining two (2010: one) notes bear interest at 3-month LIBOR plus 0.75% to 3.05% per annum with an interest cap ranging from 7% to 8.5% and interest floor ranging from 2.5% to 3.5%.

(b) As at 31st March, 2011, investment portfolio mainly comprised debt securities of HK$25 million (2010: HK$19 million) and equity securities of HK$16 million (2010: HK$12 million).

All financial assets at fair value through profit or loss are denominated in US dollar.

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

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 25)*.

The fair values of the above investments are based on option pricing model or current bid prices in an active market, whichever is applicable.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and on hand	**567,421**	504,805	**126**	1,432
Short-term bank deposits	**425,912**	463,754	**–**	–
	993,333	968,559	**126**	1,432
Maximum exposure to credit risk	**973,185**	949,592	**126**	1,432

The effective interest rate on short-term bank deposits was 1.55% (2010: 1.1%) per annum. These deposits have an average maturity of 77 days (2010: 79 days).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK dollar	**365,077**	331,069	**126**	1,432
RMB	**436,000**	178,406	**–**	–
US dollar	**171,576**	439,943	**–**	–
Canadian dollar	**10,858**	10,559	**–**	–
Others	**9,822**	8,582	**–**	–
	993,333	968,559	**126**	1,432

The Group's cash and bank balances of HK$217,353,000 (2010: HK$170,406,000) 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.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Retirement benefit assets/(liabilities)		
Defined contribution schemes *(Note (a))*	**(7,634)**	(6,525)
Defined benefit scheme *(Note (b))*	**14,361**	20,412
Provision for long service payments *(Note (c))*	**(14,249)**	(8,255)

(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 makes 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.

As at 31st March, 2011, the Group has defined contribution scheme payable of HK$7,634,000 (2010: HK$6,525,000), which were recorded in other creditors and accrued liabilities.

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

(b) Defined benefit scheme

The Group also 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 statement of financial position is determined as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Present value of funded obligations	**(151,385)**	(135,423)
Fair value of plan assets	**165,746**	155,835
Net assets in the consolidated statement of financial position	**14,361**	20,412
Experience adjustment gains on plan liabilities	**5,350**	4,360
Experience adjustment gains on plan assets	**(1,115)**	(25,971)

19 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	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**(135,423)**	(141,337)
Current service cost	**(4,653)**	(5,192)
Interest cost	**(3,525)**	(2,793)
Employee contributions	**(1,365)**	(1,392)
Actuarial (loss)/gain	**(12,305)**	11,089
Benefits paid	**5,886**	4,202
End of the year	**(151,385)**	(135,423)

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**155,835**	121,161
Expected return on plan assets	**9,222**	7,338
Actuarial gain	**1,115**	25,971
Employee contributions	**1,365**	1,392
Employer contributions	**4,095**	4,175
Benefits paid	**(5,886)**	(4,202)
End of the year	**165,746**	155,835

19 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	
	2011	2010
	HK$'000	*HK$'000*
Current service cost	**4,653**	5,192
Interest cost	**3,525**	2,793
Expected return on plan assets	**(9,222)**	(7,338)
Total, included in employee benefit expenses *(Note 32)*	**(1,044)**	647

Of the total amount credited to consolidated income statement, approximately HK$468,000 (2010: charge of HK$359,000) and HK$576,000 (2010: charge of HK$288,000) have been included in cost of sales and administrative expenses, respectively.

The actual return on plan assets was a gain of approximately HK$10,337,000 (2010: HK$33,309,000).

The principal actuarial assumptions used are as follows:

	2011	2010
Discount rate	**2.5% p.a.**	2.7% p.a.
Expected rate of return on plan assets	**6.5% p.a.**	6% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3% p.a.

The actuarial losses recognised in the consolidated statement of comprehensive income was HK$11,190,000 (2010: gains of HK$37,060,000).

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

(b) Defined benefit scheme *(Continued)*

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income was HK$528,000 (2010: gains of HK$10,662,000).

	2011	2010
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equity instruments	**47.0%**	53.2%
Debt instruments	**44.0%**	40.0%
Other assets	**9.0%**	6.8%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at end of the reporting 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 by the Group for the year ending 31st March, 2012 are approximately HK$4,107,000.

(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.

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

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

The liability recognised in the consolidated statement of financial position is determined as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Liability in the consolidated statement of financial position	**14,249**	8,255
Experience adjustment loss/(gain) on plan liabilities	**428**	(9,639)

Movements in the liability recognised in the consolidated statement of financial position are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**8,255**	15,512
Current service cost	**372**	375
Interest cost	**193**	310
Benefits paid	**(382)**	(513)
Actuarial loss/(gain) on obligation	**5,811**	(7,429)
End of the year	**14,249**	8,255

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current service cost	**372**	375
Interest cost	**193**	310
Total, included in employee benefit expenses *(Note 32)*	**565**	685

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

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

Of the total charge, approximately HK$353,000 (2010: HK$427,000) and HK$212,000 (2010: HK$258,000) have been included in cost of sales and administrative expenses, respectively.

The principal actuarial assumptions used are as follows:

	2011	2010
Discount rate	**2.3% p.a.**	2.4% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3% p.a.

The actuarial loss recognised in the consolidated statement of comprehensive income was HK$5,811,000 (2010: gain of HK$7,429,000).

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income was HK$6,491,000 (2010: HK$680,000).

20 DEFERRED INCOME TAX

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

	Group	
	2011 *HK$'000*	2010 *HK$'000*
Deferred tax assets to be recovered after 12 months	**14,160**	6,832
Deferred tax liabilities to be settled after 12 months	**(61,117)**	(56,303)
	(46,957)	(49,471)

20 DEFERRED INCOME TAX *(Continued)*

Movements in net deferred tax liabilities are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Beginning of the year	**49,471**	37,778
Deferred taxation charged/(credited) to the consolidated income statement *(Note 28)*	**2,383**	(1,827)
Deferred taxation (credited)/charged to equity	**(2,805)**	7,341
Acquisition of a subsidiary *(Note 33(c))*	**(3,542)**	–
Exchange differences	**1,450**	6,179
End of the year	**46,957**	49,471

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 income tax assets:

	Group									
	Decelerated tax depreciation		Tax losses		Actuarial losses of retirement benefit obligation		Provision and others		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Beginning of the year	**4,364**	4,056	**7,873**	8,309	**-**	5,540	**2,294**	2,069	**14,531**	19,974
Credited/(charged) to the consolidated income statement	**2,769**	308	**(2,151)**	(436)	**-**	–	**(343)**	225	**275**	97
Credited/(charged) to equity	**-**	–	**-**	–	**1,004**	(5,540)	**-**	–	**1,004**	(5,540)
Acquisition of a subsidiary *(Note 33(c))*	**-**	–	**3,542**	–	**-**	–	**-**	–	**3,542**	–
End of the year	**7,133**	4,364	**9,264**	7,873	**1,004**	–	**1,951**	2,294	**19,352**	14,531

20 DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities:

	Group									
	Accelerated tax depreciation		Intangible assets		Fair value gains on investment properties		Actuarial gains of retirement benefit obligation		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Beginning of the year	**14,884**	19,125	**30,298**	27,433	**17,019**	11,194	**1,801**	–	**64,002**	57,752
(Credited)/charged to the consolidated income statement	**(1,856)**	(4,241)	**(3,752)**	(3,314)	**8,266**	5,825	**-**	–	**2,658**	(1,730)
(Credited)/charged to equity	**-**	–	**-**	–	**-**	–	**(1,801)**	1,801	**(1,801)**	1,801
Exchange differences	**-**	–	**1,450**	6,179	**-**	–	**-**	–	**1,450**	6,179
End of the year	**13,028**	14,884	**27,996**	30,298	**25,285**	17,019	**-**	1,801	**66,309**	64,002

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, 2011, the Group has unrecognised tax losses of approximately HK$133,142,000 (2010: HK$136,321,000). Tax losses amounting to approximately HK$122,213,000 (2010: HK$117,938,000) will be expired up to year 2030, while the remaining balance can be carried forward indefinitely.

Deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profits amounted to HK$129,538,000 (2010: HK$68,709,000) of the Company's subsidiaries in the Mainland China earned in year 2009 and 2010. Such amounts are not currently intended to be distributed to the subsidiaries incorporated outside the Mainland China.

21 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**162,929**	123,958
31 – 60 days	**4,473**	10,796
61 – 90 days	**2,629**	4,623
Over 90 days	**2,382**	8,592
	172,413	147,969

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
HK dollar	**127,175**	98,939
RMB	**40,116**	43,427
Canadian dollar	**5,122**	5,603
	172,413	147,969

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

22 SHARE CAPITAL

	Group and Company			
	2011		2010	
	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	**558,869**	**55,887**	555,584	55,558
Shares issued under share option scheme *(Note 34)*	**4,258**	**426**	3,285	329
End of the year	**563,127**	**56,313**	558,869	55,887

During the year, 4,257,500 shares (2010: 3,285,000 shares) of HK$0.10 each were issued at average exercise price of approximately HK$12.15 (2010: HK$11.92). Total proceed less expenses amounting to HK$51,730,000 (2010: HK$39,152,000) was used to provide the Company with working capital.

23 RESERVES

(a) The Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange translation reserve HK$'000	Capital reserve HK$'000	Investment reserve HK$'000	Share-based compensation reserve HK$'000	Contributed surplus (note i) HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2010	188,593	152,034	58,796	21,079	218,411	51,477	85,197	180	2,021,751	2,797,518
Proceeds from shares issued	51,304	–	–	–	–	–	–	–	–	51,304
Changes in fair value for available-for-sale financial assets	–	–	–	–	(19,428)	–	–	–	–	(19,428)
Reserve released upon disposal of available-for-sale financial assets	–	–	–	–	(18,490)	–	–	–	–	(18,490)
Actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(17,001)	(17,001)
Deferred income tax effect on actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	2,805	2,805
Employee share option scheme – value of employee services	–	–	–	–	–	12,745	–	–	–	12,745
Release of share-based compensation reserve to share premium upon exercise of share options	9,623	–	–	–	–	(9,623)	–	–	–	–
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	–	–	34,361	–	–	–	–	–	–	34,361
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	514,328	514,328
Dividends	–	–	–	–	–	–	–	–	(348,625)	(348,625)
At 31st March, 2011	**249,520**	**152,034**	**93,157**	**21,079**	**180,493**	**54,599**	**85,197**	**180**	**2,173,258**	**3,009,517**

23 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, 2009	142,467	152,034	23,442	21,079	74,200	43,341	85,197	180	1,777,597	2,319,537
Proceeds from shares issued	38,823	–	–	–	–	–	–	–	–	38,823
Changes in fair value for available-for-sale financial assets	–	–	–	–	144,211	–	–	–	–	144,211
Actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	44,489	44,489
Deferred income tax effect on actuarial gains of retirement benefit obligation	–	–	–	–	–	–	–	–	(7,341)	(7,341)
Employee share option scheme – value of employee services	–	–	–	–	–	15,439	–	–	–	15,439
Release of share-based compensation reserve to share premium upon exercise of share options	7,303	–	–	–	–	(7,303)	–	–	–	–
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	–	–	35,354	–	–	–	–	–	–	35,354
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	513,232	513,232
Dividends	–	–	–	–	–	–	–	–	(306,226)	(306,226)
At 31st March, 2010	188,593	152,034	58,796	21,079	218,411	51,477	85,197	180	2,021,751	2,797,518

(i) Contributed surplus mainly arose from the group reorganisation made in prior year.

23 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, 2009	142,467	152,034	43,341	94,467	387,966	820,275
Proceeds from shares issued	38,823	–	–	–	–	38,823
Employee share option scheme – value of employee services	–	–	15,439	–	–	15,439
Release of share-based compensation reserve to share premium upon exercise of share options	7,303	–	(7,303)	–	–	–
Profit attributable to equity holders of the Company	–	–	–	–	397,350	397,350
Dividends	–	–	–	–	(306,226)	(306,226)
At 31st March, 2010	188,593	152,034	51,477	94,467	479,090	965,661
At 1st April, 2010	188,593	152,034	51,477	94,467	479,090	965,661
Proceeds from shares issued	51,304	–	–	–	–	51,304
Employee share option scheme – value of employee services	–	–	12,745	–	–	12,745
Release of share-based compensation reserve to share premium upon exercise of share options	9,623	–	(9,623)	–	–	–
Profit attributable to equity holders of the Company	–	–	–	–	398,246	398,246
Dividends	–	–	–	–	(348,625)	(348,625)
At 31st March, 2011	**249,520**	**152,034**	**54,599**	**94,467**	**528,711**	**1,079,331**

(i) Contributed surplus mainly arose from the group reorganisation made in prior year and represented the difference between the value of investment in 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.

24 REVENUE

	2011 HK$'000	2010 HK$'000
Sales of food and beverages	**5,202,910**	4,754,302
Rental income	**38,408**	37,004
Royalty income	**41,178**	41,471
Management and service fee income	**9,622**	8,031
Franchise income	**2,369**	3,904
Sundry income	**38,152**	37,956
	5,332,639	4,882,668

25 OTHER GAINS, NET

	2011 HK$'000	2010 HK$'000
Fair value gain on financial assets at fair value through profit or loss	**4,876**	2,436
Loss on disposal of financial assets at fair value through profit or loss	**(12)**	(55)
Gain on disposal of available-for-sale financial assets	**18,490**	–
Dividend income from listed investments	**15,808**	12,838
Fair value gains on investment properties	**50,100**	35,300
Loss on disposal of property, plant and equipment	**(5,444)**	(3,486)
Negative goodwill arising from acquisition of a subsidiary	**3,692**	–
Others	**2,036**	2,395
	89,546	49,428

26 EXPENSES BY NATURE

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

	2011 HK$'000	2010 HK$'000 (Restated)
Cost of raw materials and consumables used	**1,718,281**	1,519,915
Amortisation of leasehold land and land use rights	**2,170**	1,491
Amortisation of intangible assets	**13,327**	10,974
Depreciation of property, plant and equipment	**209,486**	176,375
Provision for impairment of property, plant and equipment	**1,239**	1,349
Operating lease rentals in respect of rented premises (including contingent rentals of HK$33,931,000 (2010: HK$34,008,000))	**599,093**	545,798
Exchange (gains)/losses, net	**(1,977)**	897
Employee benefit expense *(Note 32)*	**1,315,568**	1,186,422
Auditor's remuneration	**3,981**	4,054
Electricity, water and gas	**333,657**	302,334
Advertising and promotion expenses	**78,250**	70,490
Provision for impairment of trade receivables	**57**	119
Other expenses	**539,438**	505,283
	4,812,570	4,325,501
Representing:		
Cost of sales	**4,528,864**	4,050,776
Administrative expenses	**283,706**	274,725
	4,812,570	4,325,501

27 FINANCE INCOME

	2011 HK$'000	2010 HK$'000
Interest income	**7,298**	8,262

28 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the 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:

	2011	2010
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**85,002**	94,121
– Overseas taxation	**16,879**	15,176
Deferred income tax relating to the origination and reversal of temporary differences *(Note 20)*	**2,383**	(1,827)
Under/(over)-provision in prior years	**905**	(2,701)
	105,169	104,769

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:

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax	**619,491**	617,498
Calculated at a taxation rate of 16.5% (2010: 16.5%)	**102,216**	101,887
Effect of different taxation rates in other countries	**5,038**	4,614
Income not subject to taxation	**(8,231)**	(5,460)
Expenses not deductible for taxation purposes	**5,566**	10,037
Recognition of previously unrecognised temporary difference	**(2,874)**	(4,873)
Tax losses not recognised	**2,559**	1,333
Under/(over)-provision in prior years	**905**	(2,701)
Others	**(10)**	(68)
Taxation charge	**105,169**	104,769

29 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$398,246,000 (2010: HK$397,350,000).

30 DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend, paid, of 17 HK cents (2010: 17 HK cents) per ordinary share	**95,649**	94,789
Final dividend, proposed, 45 HK cents (2010: 45 HK cents) per ordinary share	**253,992**	252,419
Special dividend, proposed, 25 HK cents (2010: Nil) per ordinary share	**141,106**	–
	490,747	347,208

A final dividend of 45 HK cents per ordinary share and a special dividend of 25 HK cents per ordinary share in respect of the year ended 31st March, 2011, amounting to a total final and special dividend of approximately HK$395,098,000, were proposed. Such final and special dividends are to be approved by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

31 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.

	2011	2010
Profit attributable to equity holders of the Company *(HK$'000)*	**514,328**	513,232
Weighted average number of ordinary shares in issue *('000)*	**561,640**	556,871
Basic earnings per share *(HK cents per share)*	**91.58 HK cents**	92.16 HK cents

(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.

31 EARNINGS PER SHARE *(Continued)*

(b) Diluted *(Continued)*

	2011	2010
Profit attributable to equity holders of the Company *(HK$'000)*	**514,328**	513,232
Weighted average number of ordinary shares in issue *('000)*	**561,640**	556,871
Adjustment for share options *('000)*	**6,730**	5,095
	568,370	561,966
Diluted earnings per share *(HK cents per share)*	**90.49 HK cents**	91.33 HK cents

32 EMPLOYEE BENEFIT EXPENSES

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

	2011 *HK$'000*	2010 *HK$'000*
Wages, salaries and allowances	**1,220,527**	1,087,957
Discretionary bonuses	**35,833**	39,051
Pension costs		
– Defined contribution plans	**46,942**	42,643
– Defined benefit plan *(Note 19)*	**(1,044)**	647
– Long service payments *(Note 19)*	**565**	685
Share-based compensation expenses	**12,745**	15,439
	1,315,568	1,186,422

32 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' emoluments

The remuneration of each director for the year ended 31st March, 2011 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	2,945	6,533	231	687	10,446
Mr. Lo Hoi Kwong, Sunny	50	1,899	6,954	151	687	9,741
Ms. Lo Pik Ling, Anita	50	484	1,258	57	206	2,055
Mr. Lo Tak Shing, Peter	50	512	403	12	116	1,093
Non-executive directors						
Mr. Lo Tang Seong, Victor	80	–	–	–	–	80
Mr. Lo Ming Shing, Ian (appointed with effect from 1st April, 2010)	80	–	–	–	–	80
Mr. Hui Tung Wah, Samuel	80	–	–	–	–	80
Independent non-executive directors						
Mr. Choi Ngai Min, Michael	200	–	–	–	–	200
Mr. Li Kwok Sing, Aubrey	200	–	–	–	–	200
Mr. Kwok Lam Kwong, Larry	200	–	–	–	–	200
Mr. Look Guy	200	–	–	–	–	200

32 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' emoluments *(Continued)*

The remuneration of each director for the year ended 31st March, 2010 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	2,887	5,649	227	1,178	9,991
Mr. Lo Hoi Kwong, Sunny	50	1,860	7,426	148	1,178	10,662
Ms. Lo Pik Ling, Anita	50	468	1,533	56	292	2,399
Mr. Lo Tak Shing, Peter	50	496	453	12	128	1,139
Non-executive directors						
Mr. Lo Tang Seong, Victor	80	–	–	–	–	80
Mr. Lo Hoi Chun (resigned with effect from 1st April, 2010)	80	–	–	–	–	80
Mr. Hui Tung Wah, Samuel	80	–	–	–	–	80
Independent non-executive directors						
Mr. Choi Ngai Min, Michael	200	–	–	–	–	200
Mr. Li Kwok Sing, Aubrey	200	–	–	–	–	200
Mr. Kwok Lam Kwong, Larry	200	–	–	–	–	200
Mr. Look Guy (appointed with effect from 1st April, 2009)	200	–	–	–	–	200

No director waived any emolument during the year.

32 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2010: four) directors whose emoluments are reflected in the analysis presented in *Note 32(b)*. The emoluments payable to the remaining two (2010: one) individual during the year are as follows:

	2011	2010
	HK$'000	*HK$'000*
Basic salaries, gratuities and other allowances	**3,999**	453
Discretionary bonuses	**523**	647
Contributions to pension schemes	**77**	54
Share-based compensation expenses	**129**	–
	4,728	1,154

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–

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

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2011 HK$'000	2010 HK$'000
Profit before income tax	**619,491**	617,498
Adjustments for:		
– Finance income	**(7,298)**	(8,262)
– Depreciation of property, plant and equipment	**209,486**	176,375
– Amortisation of leasehold land and land use rights	**2,170**	1,491
– Amortisation of intangible assets	**13,327**	10,974
– Fair value gains on investment properties	**(50,100)**	(35,300)
– Fair value gains on financial assets at fair value through profit or loss	**(4,876)**	(2,436)
– Loss on disposal of financial assets at fair value through profit or loss	**12**	55
– Gains on disposal of available-for-sales financial assets	**(18,490)**	–
– Net loss on disposal of property, plant and equipment	**5,444**	3,486
– Gain on disposal of interests in a subsidiary and a jointly controlled entity	**–**	(4,138)
– Negative goodwill recognised on acquisition of a subsidiary	**(3,692)**	–
– Share-based compensation expenses	**12,745**	15,439
– Provision for impairment of property, plant and equipment	**1,239**	1,349
– Dividend income from listed investments	**(15,808)**	(12,838)
– Share of profit of associates	**(2,645)**	(2,330)
– Share of loss/(profit) of a jointly controlled entity	**67**	(311)
Operating profit before working capital changes	**761,072**	761,052
Changes in working capital:		
– Inventories	**(60,063)**	(10,075)
– Prepayments and deposits – current	**4,671**	(1,318)
– Trade and other receivables	**2,031**	2,674
– Trade payables	**22,024**	30,368
– Other creditors and accrued liabilities	**2,762**	50,865
– Non-current prepayments and deposits	**(28,462)**	(36,912)
– Retirement benefit assets and provision for long service payments	**(4,966)**	(3,356)
Net cash generated from operations	**699,069**	793,298

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Net book amounts *(Note 7)*	**5,592**	3,736
Net loss on disposal of property, plant and equipment	**(5,444)**	(3,486)
Proceeds from disposals of property, plant and equipment	**148**	250

(c) Acquisition of a subsidiary

On 20th August, 2010, the Group acquired 100% interest in Global Force Limited for HK$5,259,000. At that date, the fair value of the net assets and liabilities in Global Force Limited amounted to HK$8,951,000 and consequently a negative goodwill of HK$3,692,000 is recognised in the Group's consolidated income statement.

The following table summarises the consideration paid for the acquisition and the amounts of the assets acquired and liabilities assumed at the acquisition date in Global Force Limited.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Acquisition of a subsidiary *(Continued)*

	HK$'000
Consideration:	
At 20th August, 2010	
– Cash	5,259
Total consideration	5,259
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31st March, 2011)	200
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,477
Deferred tax assets	3,542
Non-current prepayments and deposits	2,116
Inventories	553
Trade and other receivables	215
Prepayments and deposits	432
Cash and cash equivalents	1,179
Trade payables	(2,420)
Other creditors and accrued liabilities	(2,653)
Intangible assets	
– Favourable leasing agreements	4,320
– Trademark	190
Total identifiable net assets	8,951
Less: consideration	(5,259)
Negative goodwill recognised in the consolidated income statement	3,692

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Acquisition of a subsidiary *(Continued)*

There is no contingent consideration in relation to such investment.

The fair value of trade and other receivables is HK$215,000. The gross contractual amount for trade receivables due is HK$215,000, none of which is expected to be uncollectible.

The revenue included in the consolidated income statement since 20th August, 2010 contributed by Global Force Limited was HK$14,646,606. Global Force Limited also contributed profit of HK$213,621 over the same period.

Had Global Force Limited been consolidated from 1st April, 2010, the consolidated income statement would show revenue of HK$5,342,176,000 and profit of HK$511,704,000.

(d) Disposal of subsidiary

On 30th September, 2010, the Group disposed of 11% interest in DBD for a consideration of HK$643,000 *(Note 11)*.

34 SHARE OPTIONS

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

34 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.

The weighted average fair value of options granted during the year determined using the Binomial option pricing model valuation model was HK$4.51 per option. The significant inputs into the model were weighted average share price of HK$22.15 at the grant date, exercise price shown above, volatility of 27%, dividend yield of 3.5%, an expected option life of eight years, and an annual risk-free interest rate of 1.9%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years. See *Note 32* for the total expense recognised in the income statement for share options granted to directors and employees.

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.

34 SHARE OPTIONS *(Continued)*

The movements in share options are as follows:

Grant date	Exercise period	Exercise price	Beginning of the year	Granted	Exercised	Cancelled	End of the year
		HK$	*'000*	*'000*	*'000*	*'000*	*'000*
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	196	–	(86)	–	110
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	2,800	–	(400)	–	2,400
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	4,436	–	(1,278)	(40)	3,118
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	14,953	–	(2,494)	(412)	12,047
28th October, 2010	31st March, 2011 to 30th March, 2020	22.370	–	2,400	–	–	2,400
28th October, 2010	31st March, 2012 to 27th October, 2020	22.370	–	1,640	–	–	1,640
			25,835	4,040	(4,258)	(452)	25,165

Out of the 25,165,000 outstanding options (2010: 25,835,000), 14,335,500 options (2010: 10,978,500) were exercisable as at 31st March, 2011. The related weighted average share price at the time of exercise of the options during the year was HK$19.50 (2010: HK$16.80) per share.

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

At 31st March, 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Land and buildings		
– Not later than one year	**540,515**	431,395
– Later than one year and not later than five years	**886,083**	629,416
– Later than five years	**184,049**	94,732
	1,610,647	1,155,543

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, 2011 and 31st March, 2010.

(b) Capital commitments

As at 31st March, 2011, the Group had the following capital commitments:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**350,546**	49,689
Authorised but not contracted for	**267,824**	328,181
	618,370	377,870

The Company did not have any capital commitment at 31st March, 2011 and 31st March, 2010.

36 FINANCIAL GUARANTEES

As at 31st March, 2011, the Company has given guarantees totalling approximately HK$626,000,000 (2010: HK$660,192,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

37 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2011, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Not later than one year	**37,839**	31,547
Later than one year and not later than five years	**31,129**	54,930
Later than five years	**–**	3,060
	68,968	89,537

The Company did not have any future operating lease receipts as at 31st March, 2011 and 31st March, 2010.

38 RELATED PARTY TRANSACTIONS

(a) The Group has the following significant transactions with related parties during the year:

	2011	2010
	HK$'000	*HK$'000*
Operating lease rentals paid to a related party:		
– Tinway Investments Limited *(Note i)*	**1,920**	1,920
Franchise and development fees paid to a related party:		
– illycaffe SpA *(Note ii)*	**438**	331

38 RELATED PARTY TRANSACTIONS *(Continued)*

(a) 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 an associate of a minority shareholder of Café de Espressamente illy (HK) Limited, a 70% owned subsidiary of the Group.

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

(b) Key management compensation

	2011 *HK$'000*	2010 *HK$'000*
Salaries and allowances	**10,595**	7,521
Directors' fees	**200**	200
Discretionary bonuses	**16,597**	16,241
Contributions to pension schemes	**581**	633
Share-based compensation expense	**1,958**	3,333
	29,931	27,928

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

CONSOLIDATED INCOME STATEMENT

For the five years ended 31st March, 2011

	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**5,332,639**	4,882,668	4,673,609	4,283,586	3,885,151
Cost of sales	**(4,528,864)**	(4,050,776)	(3,916,966)	(3,585,428)	(3,234,421)
Gross profit	**803,775**	831,892	756,643	698,158	650,730
Other gains, net	**89,546**	49,428	21,929	23,355	10,385
Administrative expenses	**(283,706)**	(274,725)	(256,896)	(240,838)	(238,804)
Operating profit	**609,615**	606,595	521,676	480,675	422,311
Finance income	**7,298**	8,262	18,425	31,278	34,859
Finance costs	**–**	–	–	–	(3,676)
Share of profit of associates	**2,645**	2,330	2,262	2,442	2,269
Share of (loss)/profit of jointly controlled entities	**(67)**	311	(256)	(791)	(2,857)
Profit before income tax	**619,491**	617,498	542,107	513,604	452,906
Income tax expenses	**(105,169)**	(104,769)	(100,529)	(93,370)	(82,839)
Profit for the year	**514,322**	512,729	441,578	420,234	370,067
Allocated as:					
Loss attributable to non-controlling interests	**(6)**	(503)	(288)	–	–
Profit attributable to equity holders of the Company	**514,328**	513,232	441,866	420,234	370,067
Dividends	**490,747**	347,208	377,547	276,265	230,181
Basic earnings per share	**91.58 HK cents**	92.16 HK cents	79.77 HK cents	76.36 HK cents	67.95 HK cents
Diluted earnings per share	**90.49 HK cents**	91.33 HK cents	79.25 HK cents	75.65 HK cents	66.95 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	2011 HK$'000	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)	2008 HK$'000 (Restated)	2007 HK$'000 (Restated)
Assets					
Non-current assets					
Leasehold land and land use rights	**67,810**	69,058	70,417	72,188	28,836
Property, plant and equipment	**1,175,764**	1,033,870	903,805	840,260	771,930
Investment properties	**316,200**	266,100	230,800	202,700	155,200
Intangible assets	**190,676**	190,848	166,053	234,912	213,068
Investments in associates	**21,271**	20,578	6,239	7,059	4,357
Investments in jointly controlled entities	**4,240**	4,118	34,521	33,604	32,195
Deferred income tax assets	**14,160**	6,832	19,974	15,615	12,647
Retirement benefit assets	**14,361**	20,412	–	14,104	31,736
Available-for-sale financial assets	**324,052**	351,695	199,590	293,707	267,398
Non-current prepayments and deposits	**228,369**	197,791	152,218	123,034	107,079
Financial assets at fair value through profit or loss	**38,392**	30,294	–	–	–
Held-to-maturity investments	**–**	–	–	1,018	8,837
	2,395,295	2,191,596	1,783,617	1,838,201	1,633,283
Current assets					
Inventories	**170,986**	110,370	100,295	94,881	74,413
Trade and other receivables	**54,333**	56,149	58,823	46,968	44,145
Prepayments and deposits	**101,534**	105,773	96,822	87,006	87,811
Financial assets at fair value through profit or loss	**65,902**	69,954	37,023	134,142	98,720
Cash and cash equivalents	**993,333**	968,559	894,369	733,298	546,655
	1,386,088	1,310,805	1,187,332	1,096,295	851,744
Total assets	**3,781,383**	3,502,401	2,970,949	2,934,496	2,485,027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31st March

	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	(Restated)
Liabilities					
Non-current liabilities					
Deferred income tax liabilities	**61,117**	56,303	57,752	64,884	65,121
Provision for long service payments	**14,249**	8,255	15,512	6,311	4,377
Retirement benefit liabilities	**–**	–	20,176	–	–
	75,366	64,558	93,440	71,195	69,498
Current liabilities					
Trade payables	**172,413**	147,969	117,601	112,766	94,741
Other creditors and accrued liabilities	**440,361**	399,603	348,738	328,808	300,463
Current income tax liabilities	**25,824**	35,271	33,977	34,339	23,858
	638,598	582,843	500,316	475,913	419,062
Total liabilities	**713,964**	647,401	593,756	547,108	488,560
Equity					
Capital and reserve attributable to the equity holders of the Company					
Share capital	**56,313**	55,887	55,558	55,257	54,593
Other reserves	**836,259**	775,767	541,940	590,087	354,008
Retained earnings	**2,173,258**	2,021,751	1,777,597	1,739,658	1,587,866
	3,065,830	2,853,405	2,375,095	2,385,002	1,996,467
Non-controlling interests	**1,589**	1,595	2,098	2,386	–
Total equity	**3,067,419**	2,855,000	2,377,193	2,387,388	1,996,467
Total equity and liabilities	**3,781,383**	3,502,401	2,970,949	2,934,496	2,485,027

Note: The Group adopted HKAS17 Amendment for the years ended 31st March, 2011. Figures as at 31st March, 2010, 31st March, 2009, 31st March, 2008 and 31st March, 2007 have been restated as required.

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CAFÉ DE CORAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
大家樂集團有限公司
（於百慕達註冊成立之有限公司）