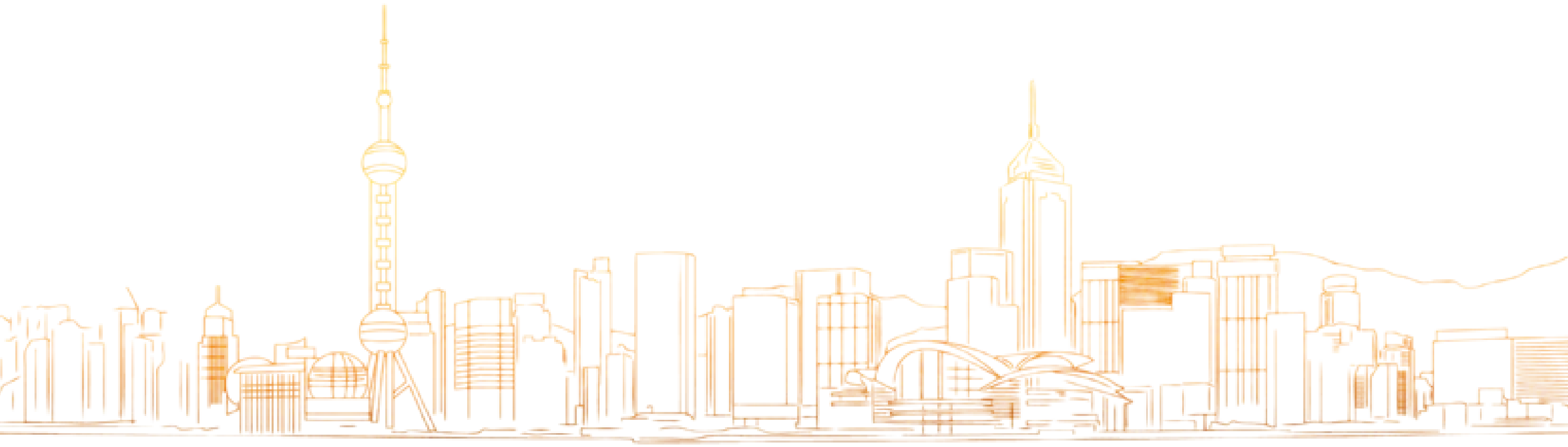
大家樂集團有限公司
CAFÉ DE CORAL HOLDINGS LIMITED

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

股份代號 Stock Code : 341

植根香港 持續發展大中華
Rooted in Hong Kong, Thriving in China

2012 年報 Annual Report



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Directors and Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Hoi Kwong, Sunny
(Chief Executive Officer)
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Chan Yue Kwong, Michael *(Chairman)*
Mr. Lo Tang Seong, Victor
Mr. Lo Ming Shing, Ian
Mr. Hui Tung Wah, Samuel
Mr. Choi Ngai Min, Michael*
Mr. Li Kwok Sing, Aubrey*
Mr. Kwok Lam Kwong, Larry*
Mr. Look Guy*

* *Independent Non-executive Directors*

COMPANY SECRETARIES

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12, Bermuda

HEAD OFFICE

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

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Mayer Brown JSM

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
BNP Paribas
Credit Agricole Corporate and Investment Bank
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

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,	2012 HK$'000	2011 HK$'000	Change %
Revenue	**5,956,438**	5,332,639	11.7
Profit attributable to equity holders of the Company	**473,801**	514,328	-7.9
Total assets	**4,073,757**	3,781,383	7.7
Net assets	**3,250,269**	3,067,419	6.0
Basic earnings per share	**83.78 HK cents**	91.58 HK cents	-8.5
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$5.71**	HK$5.45	4.8

FINANCIAL CALENDAR

Half year results	Announcement on 29th November, 2011
Full year results	Announcement on 26th June, 2012
Annual Report	Despatched to shareholders in late July, 2012
Closure of register of members for the proposed final dividend	7th September, 2012 to 11th September, 2012 and 17th September, 2012
Annual General Meeting	11th September, 2012
Dividends	Interim: 17 HK cents per share paid on 29th December, 2011 Final: 45 HK cents per share payable on 27th September, 2012

Chairman's Message

For Café de Coral, the year was one of changes and challenges. We faced trials on many fronts, primarily from short-term challenges on rising material, labour and rental costs, but in the same year, we also engaged in long-term investments towards our future. As we set our sights on expansion into the Mainland China market, we were also challenged to remain competitive in Hong Kong. Our central strategy was not a quick fix, but to provide a solid foundation for sustainable growth down the road. We formulated strategies to address these issues, to improve on employee morale in the short term, to stabilise our raw material supply chain in the intermediate term, and to enhance our productivity and operational efficiencies over the long run.

To that end, I am pleased to announce the development of the two new central food processing plants in Guangzhou Development District, China, and Tai Po Industrial Estate, Hong Kong. These plants will hone our competitive edge by improving the logistics of our food processing system, saving time and freeing up valuable retail space on the front end.

Also high among our priorities has been ensuring a steady stream of capable and talented individuals to meet tomorrow's complex corporate needs. Our internal human resources program, via a vigorous recruitment and screening process, identifies high potential employees for the greater corporate good and sees to it that we have a sustainable pool of management talent to take us into the future in Hong Kong and in China.

After more than 40 years in business, we have found that the challenge lies not in the obstacles put before us, but to rise to the occasion to take on each and every one of these challenges. This year we built a solid foundation for the next phase of growth, which focuses on expansion and diversification.

In order to achieve a much more balanced revenue stream and to improve on the competitive position of the Group as a whole, we continued with our multi-brand strategy. We also further explored new opportunities for mergers and acquisitions as they arise in order to augment this strategy and build on our Group's strengths. At the same time, we continued to focus our attention on Mainland China, with plans to scale up our development pace in the South China market and proactively explore ways to fine-tune our Eastern China business model.

The future is rapidly changing before our eyes. Given the current challenging employment dynamics, the unceasing cost inflation, and the competitive leasing landscape, the rules of the game for business operation will never be the same. The challenges we faced this year alerted management to re-examine the way we run our business here in Hong Kong. It strengthened our resolve to further improve on our central production and operational efficiency in order to become more cost effective and price competitive. In the process, we recognise that our profit margin will inevitably be impacted in the short term.

However, in the longer view, we remain optimistic and confident about our future. I believe that the breadth of our management calibre and the depth of our operational experience will give us the edge to rise above any adversity and come out stronger and more resilient than ever.

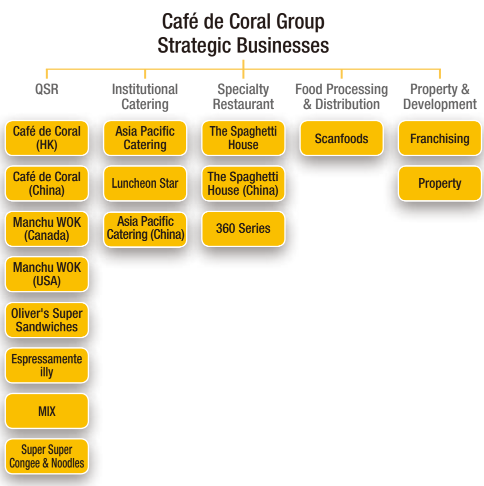
Under this charted course, the Group has now reached a size and scale that require a new organisational structure in order to sustain organic growth and territorial expansion. I have managed Café de Coral Group from a homegrown enterprise to a multinational corporation with a market capitalisation increased well over 20 times since its public listing some 25 years ago. It is time, in my view, to hand over my role as Chief Executive Officer. It goes without saying that I will sadly miss the comradeship of the colleagues and partners who have joined me in this exciting journey in building the Group to what it is today. While counting the blessings of past years, I also look forward to my ongoing role as Chairman of the Company, to lead an effective Board on strategic direction and to ensure that the Group operates to a desired standard of corporate governance.

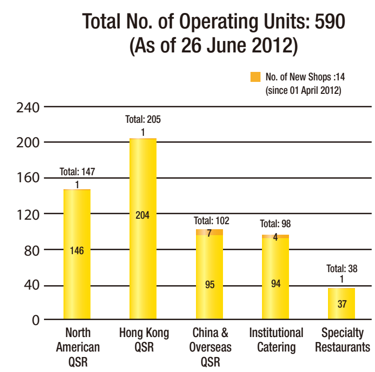
As a seasoned veteran of the Company for the last 29 years, Mr. Sunny Lo assumed the role of Chief Executive Officer of the Company. He has been my life-long partner in overseeing the great growth and expansion of the Group in the past and has accumulated a tremendous wealth of experience over the years. I strongly believe that these well-planned succession arrangements will allow for a more effective management of our diverse and fast-growing business, and pave the way for a more promising future for the Group in the years to come.

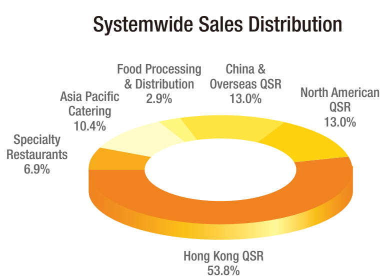
Chan Yue Kwong, Michael
Chairman
Hong Kong, 26th June, 2012

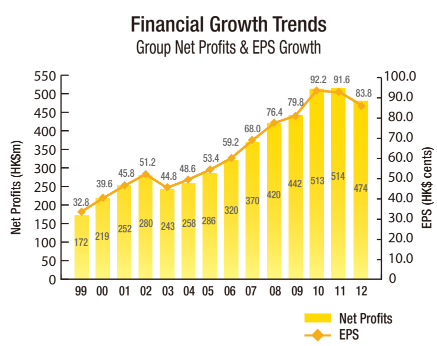
Business Highlights

- **Continuous sales growth for the 25th year, reaching HK$5.96 billion, recording a steady growth of 12% as compared with last year.**
- **Profit recorded at HK$474 million in face of rising food, labour and rental costs, recording a decline of 8% as compared with last year.**
- **Development of two new central food processing plants located respectively in Guangzhou, PRC and Tai Po, Hong Kong honed our competitive edges.**
- **Striving in expanding into the Greater China with outlets in PRC well over 120.**
- **Well-planned succession arrangement allows for sustainable management.**
- **Recommend a Final Dividend of 45 HK cents per share, with a total dividend payout ratio of 74.6% for the full year.**

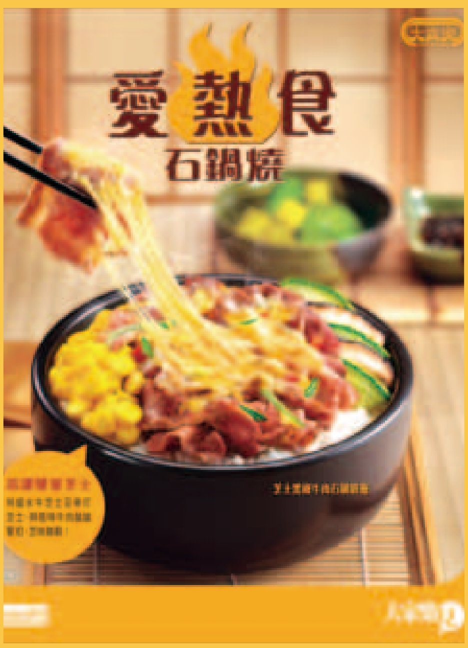


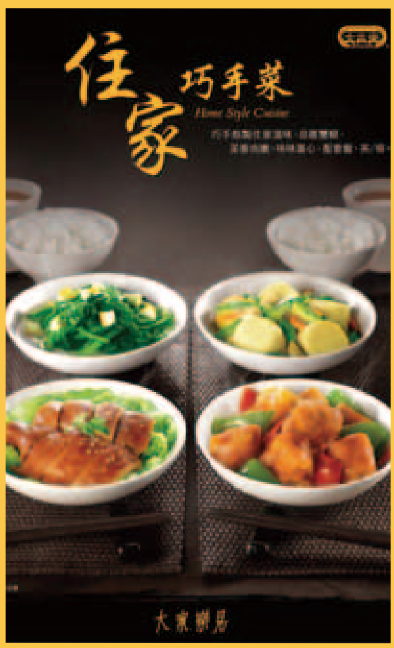


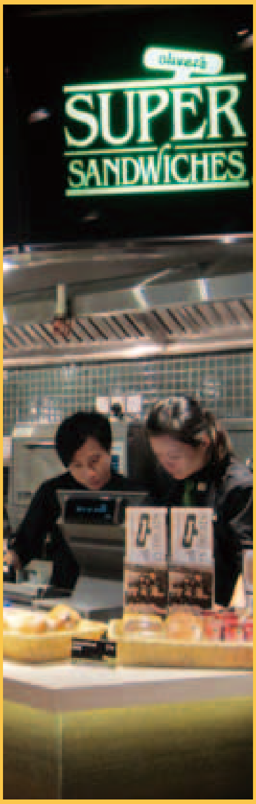





加拿大
牧場牛火鍋
Canadian Grain-fed Beef Hot Pot
加拿大AA級牧場穀飼牛，配以海鮮盤，
五寶盒及福袋菜盤，極上豐盛滋味。
新登場
• 脆爆炸魚皮
• 松葉蟹棒
香濃沙爹湯
大家樂見


愛熱食
石鍋燒


住家
巧手菜
Home Style Cuisine
大家樂見


oliver's
SUPER
SANDWICHES


Oliver's Super Sandwiches
Oliver's Super Sandwiches
NUTRITION VALUE OF POTATOES
Potatoes contain many of the essential nutrients that are highly recommended to include in your daily diet. Potatoes eaten with the skin provide nearly half of the daily value for vitamin C and are one of the best sources of potassium and fiber. One medium-sized potato has 100 calories and provides complex carbohydrates needed to fuel our brains and bodies, giving us the energy we need for a busy lifestyle. Most importantly, not a drop of fat, sodium or cholesterol is found in potatoes. Fiber promotes good digestion and helps manage your body weight, plus it may help decrease your risk of colon cancer and heart disease.
STORY OF BAKED POTATOES
Since 1981, Oliver's Super Sandwiches started to serve you with the most tasty and healthiest Baked Potatoes in Hong Kong. We have developed our expertise in making baked potatoes and providing you a wide variety of topping choices, such as Egg Salad,
Broccoli & Cheese, Sour Cream, The Great Philly, etc. We serve only the best US Russet Burbank potatoes, which is a guarantee of quality.


Tea
Chocolate


ITALIA
THE SPAGHETTI HOUSE
尊享2012全年美食滋味
$450


spaghetti
360


尊貴品味芝士火鍋.盡顯經典「芝」味。
2011


THE SPAGHETTI HOUSE
創味·芝士藝術之華麗演繹
Since 1979

INTRODUCTION

In the past year, the catering industry has seen skyrocketing material costs, which have driven up operational costs around the world. In Hong Kong, we have also found ourselves struggling under increased labour and rental costs. Recognising that these increases will be an ongoing issue in the foreseeable future, the Group implemented a number of measures to address these impositions, such as improving the efficiency of our existing shops.

Two new central food processing plants have been developed and will take over the majority of back-end food preparation. Our local businesses will be supported by the plant under development in Hong Kong, while the PRC plant and accompanying training centre currently in operation will support business development in China. Together these new plants will allow us to make improvements in product quality and implement cost control measures uniformly across brands. They will also permit us to accelerate our expansion. With simplified menus, the front-end can focus on improving services and generating larger sales.

There is growing demand among China's swelling middle class for quality quick service restaurants and Western eateries, and expansion in that fertile market is a priority for the Group. The brands **Café de Coral** and **The Spaghetti House** have already been successfully introduced in Southern China. With a multi-brand strategy and the flexibility to adapt, we will continue to strive for a long-term and sustainable development.

Exploratory studies are underway on the prospect of scaling up our Eastern China business platform, about which we are optimistic due to our experience and knowledge developed in the region.

In light of the challenges we faced this past year, the Group recorded a steady growth of 12% in total turnover to HK$5.96 billion, whilst profit attributable to shareholders was HK$474 million, a decline of 8% compared to the previous year. The Directors recommend a final dividend of 45 HK cents per share to be paid to shareholders for the past year.

HONG KONG OPERATIONS

Quick Service Restaurant

Café de Coral

Despite the challenging environment on operational costs this year, **Café de Coral** showed modest growth and continued its expansion strategy. This included investing more than HK$37 million in renovations at existing shops to enhance customers' dining experience and keep our outlets fresh and exciting. A total of 13 shops were renovated, including two shops at New Town Plaza and Shatin City One Plaza, and one new shop at Hennessy House, Causeway Bay, specially selected to launch the new 5G design.

We also opened six new shops in large-scale residential areas and high-traffic malls where there was strong demand, bringing the total number of **Café de Coral** shops in Hong Kong to 151 as of 31st March, 2012, with a target of 12 upgraded shops and seven new shops planned for next year.

Our focus this year has been on providing customers with extended upgrades while improving our productivities. We kept the menu fresh and customer interest engaged with quality new products such as Oishii Japanese Stone Hot Pot and Canadian Grain-fed Beef Hot Pot, as we improved service with efficiency-enhancing measures at the store level, including automated ordering, simplified menus and front-line staff training. Removing the bulk of our food preparation from the storefront to new processing plants has significantly optimised in-store productivity and quality consistency.

We also launched original marketing initiatives and promotions to heighten customer awareness of new products. This included TV spots and print ads highlighting product freshness and originality, as well as coupon redemption offered by our "Club 100" VIP Loyalty Program.

Thinking outside the box as a responsible corporate citizen, we introduced new initiatives including "Green Monday", a campaign to promote meat-free diet and thus a lower carbon footprint, and the "Less Rice" promotion, in which we donated $1 to charity for every request for 'less rice'. They were well received by our customers and other stakeholders.

Super Super Congee & Noodles

Seven new **Super Super Congee & Noodles** shops were opened in the past year, including three outlets opened in private residential areas such as Whampoa Garden, Kingswood Ginza and Marina Square. The brand remains popular and successful, thanks to its health-conscious product range tapping into the public trend for green living, with broad recognition amongst our customers in the public housing estates, commercial districts and private residential developments.

As of today, we have a total of 26 outlets of **Super Super Congee & Noodles**, which now presents a scalable business platform and helps to broaden our customer base. We expect to open five new shops next year and continue to focus our resources toward **Super Super Congee & Noodles'** ongoing growth.

Oliver's Super Sandwiches

Specialising in freshly made sandwiches, **Oliver's Super Sandwiches** performed well this year. The brand's focus on increased efficiency, with smaller footprint retail spaces functioning at reduced operating costs, allows its locations to maximise both production and profits.

This year new product promotions were launched roughly every three months, alongside promotions highlighting an environmentally-friendly attitude with biodegradable packaging. The brand also engaged in numerous joint promotions with organisations that shared similar values about corporate social responsibility.

With 18 locations as of today and a brand message of a healthy, socially conscious lifestyle, **Oliver's Super Sandwiches** is popular among the middle class.

Other Quick Service Restaurants

In recognition of the growing demand for Western restaurants, the Group focused in recent years on developing other quick service theme restaurants, such as **ME.N.U.** and **Cooking MaMa 360**, as well as expanding into specialty markets such as the high-end café culture with **Espressamente illy** and the casual juice and smoothie trend with **MIX**. The adoption of these four brands with simplified menus, smaller footprints and lower labour requirements represents a great opportunity for the Group to reach higher-spending, middle-income consumers, and allows us to gain an increased presence in this market segment of great potential.

As of March 2012, **ME.N.U.**, **Cooking MaMa 360** and **Espressamente illy** had a total of seven locations. **MIX** is by far the largest of the four brands with six shops in operation and one more opening in April of 2012.

Institutional Catering

Asia Pacific Catering

This year, **Asia Pacific Catering** renewed seven existing contracts and added 16 new branches, including Hong Kong Airport Services, Hong Kong Coliseum and Queen Elizabeth Stadium, which are outside of our tradition venues such as banks, hospitals and universities. Though sales remained positive, the profit margin was unavoidably affected by rising costs, leading to various efficiency enhancement measures.

In the year ahead, the brand's strategy will focus on existing contracts, especially on securing major clients. We will also move toward improving the efficiency of recently opened shops.

Luncheon Star

Luncheon Star is the biggest school lunch provider in Hong Kong. Part of this success lies in the strategy of offering a greater range of options to meet the varied needs of a wider client base. Known for its environmentally-friendly food processing and health-conscious food choices, the brand offers cook-chill technology and a highly successful on-site school catering program in which dishes are partially prepared in the lunchroom from fresh ingredients. This is a green trend **Luncheon Star** will expand upon and pursue in the year ahead with added on-site fresh vegetable and fruit preparation. The brand's promotion of healthy eating was recently recognised when two of the schools serviced by **Luncheon Star** were awarded the highest mark possible in the EatSmart School Accreditation Scheme for healthy lunches.

Though **Luncheon Star** faced a challenging margin squeeze due to rising food costs, it has maintained its commitment to being a socially and environmentally conscious company. Excess lunchboxes are donated to Food Angel, a non-profit organisation which runs programs that distribute excess food to individuals in need, and hence cut food waste. Moreover, green activities like organic farm visits for students and parents are common.

Specialty Restaurant

The Spaghetti House & Spaghetti 360°

Already a very strong brand in the market, **The Spaghetti House** met rising food costs and intense competition with a series of successful marketing initiatives at its 22 locations. These included VIP membership promotions appealing to customer loyalty, joint promotions with banks, and advertising campaigns to promote new dishes such as the Fondue Combination Menu. Regular renovation has kept the brand's image fresh, and new menus were regularly introduced to spark renewed customer interest.

With a special menu and decor designed to appeal to a younger demographic, **The Spaghetti House's** fresh-faced spin-off specialising in contemporary Japanese-Western fusion cuisine, **Spaghetti 360°**, continues to grow. The brand currently has four Hong Kong locations, to which we expect to add one or two new shops each year.

PRC OPERATIONS

Quick Service Restaurant

Café de Coral

Café de Coral is already well represented in PRC, with 90 locations in first-tier and second-tier developed cities throughout Southern China. In the past year, we experienced rental cost increases in these cities, and cost increases at our food processing plant and supporting facilities. Though this resulted in short-term profit impact, we continued to move forward in our goal of expanding into this affluent market by opening 13 new **Café de Coral** branches in carefully selected locations, some of which are located in developing cities in Southern China where the rent is less costly but the business takes time to mature.

With the support of our new food processing plant and training centre in Guangzhou, we expect to accelerate this expansion in the future. We anticipate that the logistical back-up provided by the plant, coupled with our flexible business model, will largely counteract rising costs in prime cities.

In Eastern China, we have 12 **Café de Coral** locations. While we continued to adjust our business model to adapt to the Eastern China market, we recently opened our Nanjing outlet, converting our semi-service mode to full-service mode and enhancing the menu offering. The initial result looks promising in terms of customer count and per head spending. We are currently evaluating the proposition to adopt the same full-service operating mode in Eastern China, and aim to open eight new stores in the coming year.

We are confident about the spread of our brand on the mainland, especially in Southern China, and its potential appeal to cosmopolitan consumers. We strive for a target of 30 new stores per year.

Institutional Catering

Asia Pacific Catering

In recent years, **Asia Pacific Catering** has successfully opened catering units in United International College in Zhuhai, PRC. This proves to the Group, upon strategic review, that the brand has the potential to grow beyond its traditional client base in the low value-added manufacturing sector and to explore expanding its market share among other high value-added institutional clientele in the Pearl River Delta Region.

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

Specialty Restaurant

The Spaghetti House

Further extending our reach into this lucrative market are **The Spaghetti House** outlets in cities such as Shenzhen, Guangzhou, Zhuhai and Foshan, where we currently have seven locations, as well as one **Spaghetti 360°**. With the Group's administrative network and knowledge base in Southern China, five new locations are under development to expand the brand and tap into the growing middle-class market for mid-priced Western restaurants.

Though the brand did see an increase in food costs, **The Spaghetti House** was proactive in countering this with a number of successful promotions, including a VIP membership package and joint promotions with select banks to drive sales and increase brand awareness among the target audience.

Food Processing and Distribution

Scanfoods

With the surge in labour and raw material costs, the year past was a tough one for **Scanfoods**, which provides ham and sausage products throughout Hong Kong and PRC under the **Viking Boats** brand.

Efficiency-improving measures such as stockpiling supplies when prices are low have helped offset some of the rising costs. We also plan to increase production and sales through the introduction of a smoked food line, as well as improved delivery logistics in the domestic market with a target of a 40% increase in sales.

NORTH AMERICAN OPERATIONS

Manchu WOK

This was a challenging year for **Manchu WOK**. Though the business delivered healthy cashflow this year, the North American economic recovery has been slow and shaky, consumer spending is down on all fronts, and many in the restaurant industry are adversely affected by overly cautious developers and increased operational costs.

Traditional mall locations continue to be a challenge, due to stagnation in the building industry as pertains to malls, untenable rent and competitive bids. As of 31st March, 2012, **Manchu WOK** had 150 locations operating throughout the United States and Canada. After a comprehensive strategic review by the management, the Group is now focusing on expanding its business in traditional mall and off-mall locations in Canada, whilst expanding its non-traditional business in North America in the year ahead.

LOGISTIC SUPPORT

Central Food Processing Plants

To maintain a competitive edge in the food industry, the Group invested in the development of two new central food processing plants this year. We are pleased to report that the plant located in Guangzhou Yonghe Development District, China, is now fully operational, and the plant in Tai Po Industrial Estate, Hong Kong, is expected to be in operation near the end of the year.

These two new plants will not only improve our competitive edge in terms of food quality, safety and consistency, they will also enhance our production capacity and efficiency.

Information Technology

Recognising the role technology plays in effective business administration and management, the Group always looks for ways that new technology can be used to improve our efficiency.

In the past year, we implemented a number of reviews and upgrades on our information systems to improve shop operation, reduce the cost of food production, improve efficiencies of purchasing, warehousing and deliveries as well as human resources management. We also enhanced our internal email and communication network to improve productivity.

We will continue to put effort into investigating new IT solutions as they become necessary and practicable.

Human Resources & Training

To ensure that the Group has a regular pool of talent to draw from, a company-wide Executive Development Program was put into place to recruit staff with great potential. It helps guarantee the future growth and stability of the Group.

We also intend to implement new human resources policies, such as the 5-day work week, to encourage a healthier work-life balance for our employees.

FINANCIAL REVIEW

The Group's financial position, as at 31st March, 2012, continues to be very strong, with a net cash of close to about HK$854 million and available banking facilities of HK$536 million.

As at 31st March, 2012, the Group did not have any external borrowing (31st March, 2011: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2011: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2012.

As at 31st March, 2012, the Company has given guarantees approximately HK$536,000,000 (31st March, 2011: HK$626,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

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

PROSPECTS

As an innovator and leader in the competitive catering industry, the Group has been able to achieve sustainable growth in the highly competitive operating environment of Hong Kong, even during these challenging times.

Now we have set ourselves a new challenge: to tap into the dynamic business environment of China. The efficiency of our operation is under constant enhancement as we break new ground in this promising frontier, with a solid foundation underfoot upon which to expand, a flexible strategy for the mission ahead, and an understanding both of customer eating habits and unique PRC market dynamics. We will penetrate into this market through a multi-brand strategy to achieve a greater presence and customer awareness. To meet this goal, we will invest greatly in the year ahead in human resources to build a team with the knowledge and skills necessary to tackle all the challenges.

In the face of the high labour, raw material and rental costs facing the catering industry in Hong Kong and worldwide, we must do more than get by. We must strive for excellence, improve efficiency, and establish a diverse multi-regional, multi-brand platform for sustainable growth into the future.

The Group will continue to increase efficiency without sacrificing quality or value, and we will persevere in an increasingly competitive industry.

Last but not least, on behalf of the management, I must thank our customers, shareholders and all our staff for their unfailing support.

Lo Hoi Kwong, Sunny
Chief Executive Officer

Hong Kong, 26th June, 2012

CHAIRMAN

Mr. Chan Yue Kwong, Michael, aged 60, is the Chairman of the Group. He joined the Group in 1984 and was appointed as a director of the Group in 1988. He led the Group for the past 22 years as Managing Director since 1989 and as the Executive Chairman since 1997. Commencing April 2012, he serves as the Chairman of the Board in the capacity of a Non-executive Director. 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 also a member of the Political Consultative Committee of Nanshan District, Shenzhen in the People's Republic of China.

He is currently an Executive Committee Member of the Hong Kong Retail Management Association, the General Committee Member of the Employers' Federation of Hong Kong, Advisor of the Quality Tourism Services Association, a Full member of the Canadian and the Hong Kong Institute of Planners, and a Fellow of the Chartered Institute of Marketing. Besides, he is also 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 and Member of the Business Facilitation Advisory Committee under the Financial Secretary's Office.

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.

CHIEF EXECUTIVE OFFICER

Mr. Lo Hoi Kwong, Sunny, aged 56, is the Chief Executive Officer of the Group. He joined the Group in 1982 and has been an Executive Director since 1990. He was the Managing Director of the Group from December 1997 to March 2012 and was appointed Chief Executive Officer on 1 April 2012. 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 59, 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 50, 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, a Doctorate Degree in Medical Physics from the University of London and an Honorary Fellow from The Chinese University of Hong Kong. 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 97, 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 38, was appointed as a Non-executive Director of the Company in April 2010 and a member of Nomination Committee in April 2012. 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 58, 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 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 54, 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 31 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, Chairman of the Commercial Properties Committee of the Hong Kong Housing Authority, the President of the Advisory Council of the Hong Kong Real Estate Association, Vice President of the Hong Kong Institute of Real Estate Administrator, a member of School of Business Advisory Committee of Hong Kong Baptist University, 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 62, 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). Mr. Li has a Master of Business Administration from Columbia University and a Bachelor of Science in Civil Engineering from Brown University.

INDEPENDENT NON-EXECUTIVE DIRECTOR

(Continued)

Mr. Kwok Lam Kwong, Larry, B.B.S., J.P., aged 56, was appointed as an Independent Non-executive Director of the Company in July 2004 and is a member of Audit, Remuneration and Nomination Committees. Mr. Kwok is a practising solicitor in Hong Kong, and is currently the Managing Partner, Asia Strategy & Markets of King & Wood Mallesons. 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, the Hong Kong Tourism Board Land and Development Advisory Committee, Mandatory Provident Fund Schemes Advisory Committee and Securities and Futures Appeals Tribunal 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 55, was appointed as an Independent Non-executive Director of the Company in April 2009 and is Chairman of Audit Committee and a member of Nomination Committee of the Company. Mr. Look has over 30 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 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 57, 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 57, rejoined the Group in 2002 and is currently the Senior General Manager (South China Fast Food). He has extensive experience in the fast food business and is now responsible for the development of fast food business in South China, and also overseeing the overall China business administration, human resources and training development, food processing and other functions. He holds a Master of Business Administration from the City University of Macau.

Mr. Chen Siu Min, Kelvin, aged 61, 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 was also a Certified Public Accountant of the State of California.

Mr. Lim Hung Chun, Mike, aged 48, 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.

Ms. Fung Lai Ngan, Ann, aged 48, 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.

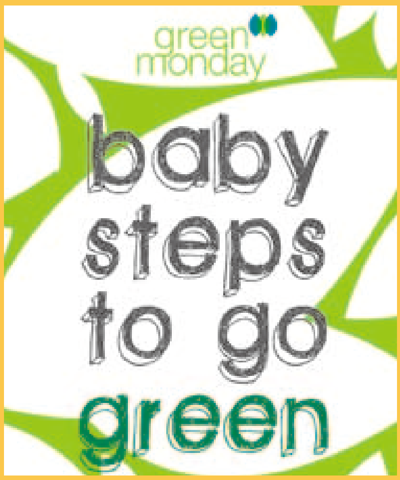

米
少飯、多愛
你叫「少飯」我捐$1


大家樂
情系佛山市社会福利院，欢度"六一"儿童节
6·1


無綠不歡星期一
無肉餐單 低碳生活 循環再用
愛惜資源 綠色行動


環保餐具換購
餐餐環保
全數撥捐
$9


大家樂
愛健康·愛素食
每週一次素 健康低碳新態度
green monday


green monday
baby steps to go green


green monday
green monday

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, 2012 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 assumed the roles of Chairman and Chief Executive Officer of the Group during the year under review.

For the purpose of complying with the revised corporate governance code as set out in the Appendix 14 of the Listing Rules which has taken effect on 1st April, 2012 ("the Revised Code"), the Company has complied with the Revised Code as appropriate and will report the compliance status at the next interim and annual reports. Starting from 1st April, 2012, the Code Provision A.2.1 was complied since the roles of Chairman and Chief Executive Officer were held by Mr. Chan Yue Kwong, Michael and Mr. Lo Hoi Kwong, Sunny respectively subsequent to Mr. Chan Yue Kwong, Michael's redesignation as a non-executive director whilst remaining as the Chairman and Mr. Lo Hoi Kwong, Sunny's appointment as the Chief Executive Officer on 1st April, 2012. The Board considers that, given the current Board structure, a clear division of responsibilities between the Chairman and the Chief Executive Officer has been achieved to ensure effective running of the Board and the day-to-day management of the businesses of the Group.

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, 2012.

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. As at the date of this report, the Board comprises eleven members, including three executive directors, four non-executive directors and four independent non-executive directors. The current board members are:

Executive directors
Mr. Lo Hoi Kwong, Sunny *(Chief Executive Officer[#])*
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive directors
Mr. Chan Yue Kwong, Michael *(Chairman*)*
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

* *Mr. Chan Yue Kwong, Michael was redesignated as a Non-executive Director on 1st April, 2012*
\# *Mr. Lo Hoi Kwong, Sunny was appointed as Chief Executive Officer on 1st April, 2012*

Biographies, including relationships among members of the Board are set out in the "Biography of Directors and Senior Management" section on page 18 to 22 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 provided 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.

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, formulating corporate strategies and financial objectives to be implemented by its management, providing leadership in strategic issues and monitoring management's performance. 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, financial objectives and policy initiatives; (ii) reporting 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 which is primarily responsible for reviewing 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.

For the purpose of complying with the Revised Code, the Board has adopted the revised terms of reference for the Nomination Committee on 26th March, 2012 and the composition of the Nomination Committee was changed such that it is now chaired by Mr. Li Kwok Sing, Aubrey with Mr. Choi Ngai Min, Michael, Mr. Kwok Lam Kwong, Larry, Mr. Look Guy, Mr. Lo Hoi Kwong, Sunny, Mr. Lo Tak Shing, Peter and Mr. Lo Ming Shing, Ian as members. With this reconstitution of members, the Nomination Committee is composed of seven members with majority members being the independent non-executive directors ("INEDs") with effect from 26th March, 2012.

One meeting of the Nomination Committee was held during the financial year ended 31st March, 2012 (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 INEDs, consider and approve the procedures for nominating individuals for appointment as INEDs, approve the procedures for assessing the independence of an INED who has served for more than nine years and make recommendations on the re-election of Ms. Lo Pik Ling, Anita, Mr. Lo Tak Shing, Peter, Mr. Choi Ngai Min, Michael and Mr. Kwok Lam Kwong, Larry as Directors of the Company to be proposed for shareholders' approval at the last Annual General Meeting held on 20th September, 2011.

The revised terms of reference of the Nomination Committee as adopted by the Board on 26th March, 2012 is available on the both websites of the Company and the Stock Exchange.

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, 2012, two meetings of Remuneration Committee were held to review the service contracts of the Chairman and the Chief Executive Officer and consider the remuneration package of executive directors and senior management all with effect from 1st April, 2012, to consider the revised terms of reference of the Remuneration Committee of the Company and to make recommendations to the Board in these relation.

For the purpose of complying with the Revised Code, the Board has adopted the revised terms of reference for the Remuneration Committee on 26th March, 2012 which has included the adoption of a model where Remuneration Committee will play an advisory role whilst Board retains full authority on all issues proposed. The revised terms of reference of the Remuneration Committee is now available on the both websites of the Company and the Stock Exchange.

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, 2012, four 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, 2012:

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 of the independence of the external auditors and engagement of external auditors for annual audit;

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

5. review of 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. review of the Group's connected transactions, continuing connected transaction and the policy and procedures of tender works and minor works for renovation contracts;

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

8. review of the corporate governance compliance;

9. review of the IT strategic plan; and

10. consider the revised terms of reference of the Audit Committee and recommend to the Board to adopt.

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

For the purpose of complying with the Revised Code, the Board has adopted the revised terms of reference of the Audit Committee on 26th March, 2012 and it is available on both the websites of the Company and the Stock Exchange.

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, 2012 are set out below:

	Number of meetings attended/held For the year ended 31st March, 2012				
	BM	**ACM**	**RCM**	**NCM**	**AGM**
Executive Directors					
Mr. Lo Hoi Kwong, Sunny *(Chief Executive Officer#)*	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. Chan Yue Kwong Michael *(Chairman*)*	7/7	N/A	N/A	1/1	1/1
Mr. Lo Tang Seong, Victor	7/7	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	4/4	2/2	1/1	1/1
Mr. Li Kwok Sing, Aubrey	7/7	4/4	2/2	1/1	1/1
Mr. Kwok Lam Kwong, Larry	7/7	4/4	2/2	N/A	0/1
Mr. Look Guy	7/7	4/4	N/A	N/A	1/1

* *Mr. Chan Yue Kwong, Michael was redesignated as a Non-executive Director on 1st April, 2012*

\# *Mr. Lo Hoi Kwong, Sunny was appointed as Chief Executive Officer on 1st April, 2012*

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 56 to 57.

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	3,869
Non-audit services	203
Total:	4,072

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, 2012.

Management recognizes the benefits from the internal control review conducted. Resources of Internal Audit Department have been enhanced with extended audit coverage to support the Group's development especially in the South China Region. With the assistance from external consultant – Deloitte Touche Tohmatsu under a co-sourcing arrangement, Internal Audit Department and external consultant have continued to review the Group's internal control system, working systems and workflows, as well as management systems. The review was conducted by making reference to the guidelines and definitions given by the regulatory and professional bodies for the purpose of assessing five different internal control elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring.

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 Chief Executive Officer 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 has properly documented the operational procedures of all related business units, as well as authorization and approval procedures for significant decision making.

The Group identifies, assesses and ranks the risks that are 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 Internal Audit Department and external consultant conducted internal control reviews covering financial, operational, compliance controls of operations in Hong Kong and Southern China. Internal Audit Department also conducted 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 with 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 heads. They are tracked and followed up for proper implementation. Progress is reported to the management and the Audit Committee on a regular basis.

PRICE SENSITIVE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of price-sensitive information, the Company is fully aware of its obligations under the Listing Rules. Proper procedures have been adopted for communicating with the public and investment community regarding the Group's affairs.

SHAREHOLDERS' RIGHTS

The procedures for a poll voting on resolutions at shareholders' meeting are explained at shareholders' meetings by the Chairman. All voting by the shareholders at general meetings are taken by poll and the poll results are published on both the websites of the Company and the Stock Exchange. At the annual general meeting held on 20th September, 2011, 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.

In every annual general meeting of the Company, the Chairman of the Board would attend and the Chairman of the Audit Committee, the Remuneration Committee and Nomination Committee would be present to answer questions from shareholders.

On 1st April, 2012, a list of procedures for shareholders to propose a person for election as a director of the Company was published and it is now available on the website of the Company.

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 regularly participated in road shows and corporate conference organised by institutional and investment bankers during the year to maintain an open dialogue with the investment community. Investors are welcome to send email directly to the investor relations officer's email at irs@cafedecoral.com or browse the Company's website for getting latest release and financial result information.

PARTICIPATIONS IN ROAD SHOW AND CORPORATE CONFERENCE

During the year, the Company has participated in various road shows and corporate conference with details of events as follows:

Events		Organiser	Location
1.	Hong Kong Corporate Summit	Daiwa	Hong Kong
2.	Hong Kong & China Access Day	Mirae	Hong Kong
3.	Road show	Mitsubishi UFJ	Hong Kong
4.	Road show	Yuanta	Hong Kong
5.	Luncheon Meeting	Macquarie	Hong Kong
6.	Hong Kong/China Conference	Citigroup	Hong Kong
7.	Road show	DBS	Hong Kong
8.	Corporate Day	Guotai Junan	Hong Kong
9.	Road show	JP Morgan	Hong Kong

The Company also conducted regular meetings with the financial analysts and financial media updating the Company's business performance and future directions. During the year, there were 7 financial investment companies conducted research coverage for the Company. Details of research contact can be obtained at the Company's website.

New Updates

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

CORPORATE SOCIAL RESPONSIBILITY

The Management is conscious of encouraging and leading various business units within the Group in participating and executing the corporate social responsibilty. The Group has performed a series of social and community activities during the year which have gained recognition from the community.

HEALTH & SAFETY

The Group continued to maintain health and safety environment to its employees, customers and communities. The health and safety policy has been reviewed and refined periodically aiming at achieving continual improvement. Periodical operational safety training have been provided to those employees who are working in different working conditions. Since 2004, the Group has developed a continual annual plan to deal with possible outbreak of Influenza.

"Health and Safety" Committee

Taking full account of the health and safety obligations, the Group has formulated a "Health and Safety" Committee since 1990'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 organised regular meetings and perform checking procedures including the inspection of all the safety and health measures at headquarters 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 the Central Food Processing Plant and its Headquarter at Café de Coral Centre. The Group has deployed External Safety Auditor to audit, evaluate and improve the 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 programs have been implemented at all branches. For example, Employee Health & Safety Handbooks, which was updated periodically and dispatched to all new staff. Health and safety posters and labels alerting to different types of hazards were posted at kitchens and staff rest rooms at shop level.

Awards

During the year under review, the Group has won different prizes as listed below:

(1) "Catering Industry Safety Award Scheme (2011/12)" (勞工處飲食業安全獎勵計劃) organised 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 Silver 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" (安全工友獎) and "Supervisor Awards" (管理人員獎).

(2) **Café de Coral Holdings Limited**, **The Spaghetti House**, **Oliver's Super Sandwiches**, **MIX** and **Luncheon Star** had been awarded the Caring Company for 2011/12 organised by The Hong Kong Council of Social Service.

WORK-LIFE BALANCE

The Group's human resources management and objectives aim at maintaining high ethical standards, professionalism and best people management practice in the industry.

The recruitment and staffing function are fair and open for both internal and external sources, such as the recruitment of hearing-impaired staff, and generally aims at providing suitable career paths and opportunities within the Group. Transparent human resource policies were set up and reviewed periodically to maintain a balance in human relations in respect of hiring, grievance, disciplinary and ethical aspects.

Acting as the communication channel within the Group, management held regular meetings and briefings with staff to exchange views and obtain their feedback. Compensation and benefits policies were reviewed annually to cope with changing statutory requirements as well as to enhance staff relation.

To foster the culture of harmonious community, the Group promotes a family-friendly spirit by implementing family-friendly employment policies and practices, enabling our staff to balance and integrate the demands of their workplace with their personal and family life.

Human resource and welfare related activities are implemented to encourage a healthier work-life balance for our employees and to improve the working condition of our employees in every aspect. To pursue this belief, staff were encouraged to participate in regular social and recreational activities organised by the Group both internally and externally, including Fun Day, Annual Dinner and Christmas Party.

ENVIRONMENTAL RELATED ACTIVITIES

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

- **Café de Coral** has partnered with licensed used oil processing plants in collecting and processing cooked oil and fat. Some branches have even joined the oil refining scheme to help turn toxic waste oil into useful, environmental-friendly bio-fuel. Air pollution can hence be further reduced.

- **Oliver's Super Sandwiches** participated in the *WWF – Earth Hour Campaign* by selling WWF seed bookmark for fund raising.

- **Oliver's Super Sandwiches** had launched biodegradable plastic bags to support the environment conservation.

- **Luncheon Star** supported the food recovery program organised by Bo Foundation by donating excess lunch boxes to individuals in need, and hence cut food waste.

- **Luncheon Star** cooperated with the Green Collar in promoting environmental protection by organising organic farm visit and holding environmental exhibition to students and parents.

- **MIX** promoted the care for environment with the use of biodegradable plastic cups and packaging and environmental friendly recycled paper for marketing POSM.

- **Espressamente illy** joined the "K11 Food Waste Recycle Scheme".

PARTICIPATION IN EXTERNAL SOCIAL ACTIVITIES

As a responsible corporation, the Group also participated in various social activities with details of events listed as follows:

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

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

- Supported job training and employment opportunities for people with intellectual disabilities.

- Participated actively in the employment of the disabled through non-government organisations and Labour Department.

- Encouraged the recruitment and employment of members of racial and ethnic minority groups to promote equal opportunity.

- Offered special privileges to the Senior Citizen Cardholder to promote the spirit of respect for senior citizens in some of the business units.

SPONSORSHIP & DONATION

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

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

- Sponsored the "Lottery Ticket 2012" 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 as a Silver Member to support WWF on-going global and local conservation activities.

- Supported Lok Sin Tong by offering tea discount to the donators of Lok Sin Tong Charity Walk 2011 upon charity ticket sales.

- Implemented "Less Rice" (少飯多愛) and "Utensil Redemption" (環保餐具換購) campaign at all **Café de Coral** fast food shops.

- Supported the "人人十蚊對抗赤貧" Raffle Campaign by Oxfam by including a cash discount coupon to thank the generosity of the donator for those underprivileged people.

- Sponsored SPCA for placing discount coupon on 150,000 copies of SPCA Lottery Raffle Tickets sold in order to help protecting animal rights.

- Donated $10 out of the sales of every VIP kit sold to the Oxfam Unwrapped Program by **The Spaghetti House**.

- Sponsored promotion platforms in more than 150 **Café de Coral** branches for charitable and government organisations to mobilize Hong Kong people for various fund raising or charitable events.

- **The Spaghetti House** employed people with mental handicap from Hong Chi Association and provided them the opportunities to develop their talents under on-the-job training and special supervision.

- **The Spaghetti House** employed New Life Psychiatric Rehabilitation Association's lettershop service to provide work opportunity to recovered mental patients.

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, 2012.

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 111 to 118.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 61.

The details of dividends for the year ended 31st March, 2012 are set out in *Note 30* to the consolidated financial statements. An interim dividend of 17 HK cents per share, totaling approximately HK$96,289,000 was paid on 29th December, 2011. The directors recommended the payment of a final dividend of 45 HK cents per share, totaling approximately HK$256,997,000.

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, 2012 amounted to approximately HK$539,346,000.

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 157.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$338,000.

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 158 to 160.

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, 2012. 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	15,731,000 ordinary shares representing 2.75% of the issued share capital as at 26th June, 2012
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, 2012 which have been granted under the Previous Scheme and the New Scheme are as follows:

Type of grantees	Date of Grant	Options outstanding at 1st April, 2011	Granted during the year	Options exercised during the year	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 31st March, 2012
Executive Directors							
Mr. Chan Yue Kwong, Michael	01/11/2005[b]	800,000	–	(800,000)	–	–	–
	02/10/2007[b]	1,500,000	–	(20,000)	–	–	1,480,000
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]	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]	30,000	–	–	–	–	30,000
	01/11/2005[b]	3,118,000	–	(1,744,000)	–	(20,000)	1,354,000
	02/10/2007[b]	11,847,500	–	(3,786,500)	–	(519,000)	7,542,000
	28/10/2010[b]	4,040,000	–	–	–	(720,000)	3,320,000
		25,165,500	–	(6,430,500)	–	(1,259,000)	17,476,000

Notes:

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

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

(c) Under the Previous Scheme and in respect of the category of "Executive Directors", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK$21.10.

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$20.80 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$19.33.

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. Lo Hoi Kwong, Sunny *(Chief Executive Officer, appointed on 1st April, 2012)*
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive Directors

Mr. Chan Yue Kwong, Michael *(Chairman, re-designated as Non-executive Director on 1st April, 2012)*
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

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.

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Chan Yue Kwong, Michael, Mr. Lo Tang Seong, Victor, Mr. Hui Tung Wah, Samuel and Mr. Look Guy retire by rotation at the forthcoming Annual General Meeting and, being eligible, Mr. Chan Yue Kwong, Michael, Mr. Hui Tung Wah, Samuel and Mr. Look Guy offer themselves for re-election. Mr. Lo Tang Seong, Victor tendered a letter to the Board advising his retirement at the forthcoming Annual General Meeting and will not offer himself 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, 2012, 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) 2011 Framework Agreement

The Company and Fung Yuen Engineering Company Limited ("Fung Yuen HK") entered into a non-exclusive framework agreement dated 21st April, 2011 ("2011 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, adjustment, repairing, maintenance and/or related projects (the "Renovation Transactions") 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

Fung Yuen Group is 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. Thus the Renovation Transactions constitute continuing connected transactions of the Company under the Listing Rules.

Details of the 2011 Framework Agreement were disclosed in the Company's announcement dated 21st April, 2011.

For the period from 21st April, 2011 to 31st March, 2012, the aggregate value in respect of the Renovation Transactions under the 2011 Framework Agreement amounted to approximately HK$14.5 million, including approximately HK$2 million for the Minor Work.

(iii) Supplemental Agreement to the 2011 Framework Agreement ("Supplemental Agreement")

On 4th October, 2011, the Company announced that a Supplemental Agreement was entered into between the Company and Fung Yuen HK to amend the terms of the 2011 Framework Agreement to bring it in line with the policies and procedures of awarding contracts so that the Company could award the services to Fung Yuen Group otherwise by way of tender.

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

(iii) Supplemental Agreement to the 2011 Framework Agreement ("Supplemental Agreement") *(Continued)*

Pursuant to the Supplemental Agreement, (i) "Minor work" will cover transaction with a final contract sum of HK$300,000 or more so long as the initial contract sum before the commencement of work is less than HK$300,000 or equivalent; and (ii) where the Board consider it fit and in the interest of the Company and its shareholders as a whole, including circumstances where services are required on an urgent basis or unexpectedly such that it may not be feasible or may not be in the interest of the Group to award such services by tender, the Group may also award services to the Fung Yuen Group on normal commercial terms and arm's length basis but not necessarily by tender. Save as disclosed above, all of the provisions and the annual caps for the continuing connected transaction that may be conducted under the 2011 Framework Agreement will remain unchanged.

Details of the Supplemental Agreement were disclosed in the Company's announcement dated 4th October, 2011.

(iv) Annual Confirmation

The independent non-executive directors of the Company reviewed the above continuing connected transactions (i.e. item (i) to (iii)) 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.

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, 2012, 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	10.24%
Mr. Lo Tak Shing, Peter	*(b)*	210,000	–	–	89,308,213	200,000	89,718,213	15.75%
Ms. Lo Pik Ling, Anita		13,738,339	–	–	–	450,000	14,188,339	2.49%
Mr. Chan Yue Kwong, Michael	*(c)*	5,821,407	4,096,000	–	–	1,480,000	11,397,407	2.00%
Mr. Li Kwok Sing, Aubrey	*(d)*	55,000	–	–	–	–	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	–	–	–	–	25,837	0.01%
Mr. Lo Tang Seong, Victor	*(e)*	–	–	5,060,000	–	–	5,060,000	0.89%
Mr. Lo Ming Shing, Ian		40,000	–	–	–	–	40,000	0.01%
Mr. Choi Ngai Min, Michael		–	–	–	–	–	–	–
Mr. Kwok Lam Kwong, Larry		–	–	–	–	–	–	–
Mr. Look Guy		–	–	–	–	–	–	–

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, 2012, 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	15.68%
Sky Bright International Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.68%
Verdant Success Holdings Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.68%
RBC Trustees (CI) Limited (formerly "Royal Bank of Canada Trustees Limited")	*(a)*	–	–	–	89,308,213	89,308,213	15.68%
Ms. Tso Po Ping	*(b)*	–	58,315,394	–	–	58,315,394	10.24%
Ardley Enterprises Limited	*(c)*	–	–	–	37,383,394	37,383,394	6.56%
Mr. Lo Hoi Chun	*(d)*	132,000	–	67,880,834	–	68,012,834	11.94%
Ms. Man Bo King	*(e)*	–	68,012,834	–	–	68,012,834	11.94%
LBK Holding Corporation	*(f)*	35,969,133	–	–	–	35,969,133	6.32%
MMW Holding Corporation	*(g)*	31,911,701	–	–	–	31,911,701	5.60%
Matthews International Capital Management, LLC	*(h)*	45,296,100	–	–	–	45,296,100	7.95%

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, 2012, 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, 2012, 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, 26th June, 2012

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 58 to 156, which comprise the consolidated and company statements of financial position as at 31st March, 2012, 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, 2012 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, 26th June, 2012

Consolidated Statement of Financial Position

As at 31st March, 2012

	Note	As at 31st March, 2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**97,143**	67,810
Property, plant and equipment	7	**1,482,562**	1,175,764
Investment properties	8	**326,200**	316,200
Intangible assets	9	**172,652**	190,676
Investments in associates	11	**18,505**	21,271
Investments in jointly controlled entities	12	**11,060**	4,240
Deferred income tax assets	20	**18,075**	14,160
Retirement benefit assets	19	**–**	14,361
Available-for-sale financial assets	13	**417,667**	324,052
Non-current prepayments and deposits	14	**229,505**	228,369
Financial assets at fair value through profit or loss	17	**14,745**	38,392
		2,788,114	2,395,295
Current assets			
Inventories	15	**172,099**	170,986
Trade and other receivables	16	**73,889**	54,333
Prepayments and deposits	16	**99,070**	101,534
Financial assets at fair value through profit or loss	17	**55,135**	65,902
Bank deposits with maturity over three months	18	**31,033**	–
Cash and cash equivalents	18	**854,417**	993,333
		1,285,643	1,386,088
Total assets		**4,073,757**	3,781,383
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	22	**56,956**	56,313
Other reserves	23	**1,057,413**	836,259
Retained earnings	23		
– Proposed dividends		**256,997**	395,098
– Others		**1,877,632**	1,778,160
		3,248,998	3,065,830
Non-controlling interests		**1,271**	1,589
Total equity		**3,250,269**	3,067,419

Consolidated Statement of Financial Position

As at 31st March, 2012

	Note	As at 31st March, 2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*20*	**62,021**	61,117
Provision for long service payments	*19*	**9,872**	14,249
Retirement benefit liabilities	*19*	**12,328**	–
		84,221	75,366
Current liabilities			
Trade payables	*21*	**171,250**	172,413
Other creditors and accrued liabilities		**535,286**	440,361
Current income tax liabilities		**32,731**	25,824
		739,267	638,598
Total liabilities		**823,488**	713,964
Total equity and liabilities		**4,073,757**	3,781,383
Net current assets		**546,376**	747,490
Total assets less current liabilities		**3,334,490**	3,142,785

Approved by the Board of Directors on 26th June, 2012 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Chief Executive Officer

The notes on pages 67 to 156 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31st March, 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*10*	**1,122,635**	1,134,795
Current assets			
Prepayments, deposits and other current assets		**8,329**	749
Cash and cash equivalents	*18*	**456**	126
		8,785	875
Total assets		**1,131,420**	1,135,670
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*22*	**56,956**	56,313
Other reserves	*23*	**629,572**	550,620
Retained earnings	*23*		
– Proposed dividends		**256,997**	395,098
– Others		**187,882**	133,613
Total equity		**1,131,407**	1,135,644
LIABILITIES			
Current liabilities			
Other creditors and accrual liabilities		**13**	26
Total equity and liabilities		**1,131,420**	1,135,670
Net current assets		**8,772**	849
Total assets less current liabilities		**1,131,407**	1,135,644

Approved by the Board of Directors on 26th June, 2012 and signed on behalf of the Board by

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Chief Executive Officer

The notes on pages 67 to 156 are an integral part of these financial statements.

Consolidated Income Statement

– By Function of Expense

For the year ended 31st March, 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	24	**5,956,438**	5,332,639
Cost of sales	26	**(5,142,737)**	(4,528,864)
Gross profit		**813,701**	803,775
Other gains, net	25	**62,883**	89,546
Administrative expenses	26	**(317,950)**	(283,706)
Operating profit		**558,634**	609,615
Finance income	27	**9,016**	7,298
Share of profit of associates		**310**	2,645
Share of loss of jointly controlled entities		**(333)**	(67)
Profit before income tax		**567,627**	619,491
Income tax expense	28	**(94,144)**	(105,169)
Profit for the year		**473,483**	514,322
Allocated as:			
Loss attributable to non-controlling interests		**(318)**	(6)
Profit attributable to equity holders of the Company	29	**473,801**	514,328
Dividends	30	**353,286**	490,747
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic	31	**83.78 HK cents**	91.58 HK cents
– Diluted	31	**83.19 HK cents**	90.49 HK cents

The notes on pages 67 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2012

	2012 *HK$'000*	2011 *HK$'000*
Profit for the year	**473,483**	514,322
Other comprehensive income/(loss):		
Exchange differences arising from translation of foreign subsidiaries, associates and jointly controlled entities	**10,065**	34,361
Actuarial losses on retirement benefit obligation recognised in reserve	**(28,455)**	(17,001)
Deferred income tax effect on actuarial (gains)/losses of retirement benefit obligation recognised in reserve	**(1,004)**	2,805
Fair value gains/(losses) on available-for-sale financial assets	**136,129**	(19,428)
Reserve released upon disposal of available-for-sale financial assets	**(3,992)**	(18,490)
Total comprehensive income for the year	**586,226**	496,569
Attributable to:		
– Equity holders of the Company	**586,544**	496,575
– Non-controlling interests	**(318)**	(6)
	586,226	496,569

The notes on pages 67 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2012

	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, 2011	56,313	836,259	2,173,258	3,065,830	1,589	3,067,419
Profit/(loss) for the year	–	–	473,801	473,801	(318)	473,483
Other comprehensive income/(loss):						
Exchange differences arising from translation of foreign subsidiaries, associates and jointly controlled entity	–	10,065	–	10,065	–	10,065
Actuarial losses on retirement benefit obligation recognised in reserve	–	–	(28,455)	(28,455)	–	(28,455)
Deferred income tax effect on actuarial gains of retirement benefit obligation recognised in reserve	–	–	(1,004)	(1,004)	–	(1,004)
Fair value gains on available-for-sale financial assets	–	136,129	–	136,129	–	136,129
Reserve released upon disposal of available-for-sale financial assets	–	(3,992)	–	(3,992)	–	(3,992)
Transfer upon lapse of share options	–	(9,236)	9,236	–	–	–
Total comprehensive income/(loss)	–	132,966	453,578	586,544	(318)	586,226
Proceeds from shares issued	643	78,022	–	78,665	–	78,665
Employee share option scheme-value of employee services	–	10,166	–	10,166	–	10,166
Dividends	–	–	(492,207)	(492,207)	–	(492,207)
At 31st March, 2012	56,956	1,057,413	2,134,629	3,248,998	1,271	3,250,269

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2012

	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

The notes on pages 67 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Net cash generated from operations	33(a)	**818,208**	699,069
Hong Kong profits tax paid		**(76,436)**	(93,606)
Overseas taxation paid		**(14,078)**	(18,627)
Net cash generated from operating activities		**727,694**	586,836
Cash flows from investing activities			
Purchase of leasehold land & land use rights		**(31,349)**	–
Purchase of property, plant and equipment		**(542,677)**	(310,370)
Proceeds from disposals of property, plant and equipment	33(b)	**3,771**	148
Net proceeds from disposals of investment properties		**41,998**	–
Proceeds from disposal of trademark		**11,387**	–
Repayment from associates		**–**	1,056
Dividend received from associates		**2,392**	3,233
Dividend received from listed investments		**13,693**	15,808
Purchase of financial assets		**(6)**	(103,965)
Proceeds from disposals of interests in a subsidiary and a jointly controlled entity		**–**	643
Proceeds from redemption/disposal of available-for-sale financial assets		**41,777**	112,553
Proceeds from disposal of financial assets at fair value through profit or loss		**32,049**	–
Proceeds from disposal of interest in an associate		**1,177**	–
Capital injection for investment in a jointly controlled entity		**(7,000)**	–
Net cash outflow for acquisition of a subsidiary		**–**	(4,080)
Interest received		**8,522**	6,605
Increase in bank deposits with maturity over three months		**(31,033)**	–
Net cash used in investing activities		**(455,299)**	(278,369)

Consolidated Statement of Cash Flows

For the year ended 31st March, 2012

	Note	2012 *HK$'000*	2011 *HK$'000*
Cash flows from financing activities			
Net proceeds from issue of shares upon exercise of share options		**78,665**	51,730
Dividends paid		**(492,207)**	(348,625)
Net cash used in financing activities		**(413,542)**	(296,895)
Net (decrease)/increase in cash and cash equivalents		**(141,147)**	11,572
Cash and cash equivalents at beginning of the year		**993,333**	968,559
Effect of foreign exchange rate changes		**2,231**	13,202
Cash and cash equivalents at end of the year	*18*	**854,417**	993,333

The notes on pages 67 to 156 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 26th June, 2012.

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, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (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, 2012 and are relevant to the Group.

- HKAS 1 (Amendment) 'Presentation of Financial Statements'. This amendment clarifies that entities may present an analysis of the components of other comprehensive income by item either in the statement of changes in equity or within the notes. The adoption of this amendment does not have any impact on the presentation of the Group's consolidated financial statements.

- HKFRS 3 'Business Combinations'. This amendment clarifies that only when the acquiree has present ownership instruments that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the acquirer can choose to measure the non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This revision does not have any material financial impact on the Group.

- HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasis a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard does not have any impact on the financial position or performance of the Group.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1st April, 2011, are not currently relevant for the Group or do not have material impact on the Group for the year ended 31st March, 2012.

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, 2011 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 1 (Amendment)	Presentation of financial statements	1st July, 2012
HKAS 12 (Amendment)	Deferred Tax: Recovery of underlying assets	1st January, 2012
HKAS 19 (Amendment)	Employee benefits	1st January, 2013
HKAS 27 (Revised)	Separate financial statements	1st January, 2013
HKAS 28 (Revised)	Associates and joint ventures	1st January, 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation-Offsetting financial assets and financial liabilities	1st January, 2014
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1st July, 2011
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of financial assets	1st July, 2011
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities	1st January, 2013
HKFRS 9	Financial instruments	1st January, 2015
HKFRS 10	Consolidated financial statements	1st January, 2013
HKFRS 11	Joint arrangements	1st January, 2013
HKFRS 12	Disclosure of interests in other entities	1st January, 2013
HKFRS 13	Fair value measurements	1st January, 2013
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1st January, 2013
HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1st January, 2015

The Group has commenced an assessment of the impact of these new, amended and revised HKFRSs but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

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 recognised amount of acquiree's identifiable net assets.

In the Company's statement of financial position, 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)*

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(b) ***Transactions with non-controlling interests*** *(Continued)*

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, 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.

(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 using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

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 legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(c) Associates *(Continued)*

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 entities

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

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

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

2.3 Segment reporting

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 Chief Executive Officer who makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement.

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies

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

(i) assets and liabilities for each 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 rate on 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.

On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or jointly controlled entities that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies *(Continued)*

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. Exchange differences arising are recognised in equity.

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. The carrying amount of the replaced part is derecognised. 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%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

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 consolidated income statement.

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 the Group, is classified as investment property.

Investment property comprises leasehold 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 leases are accounted for as if they were finance leases.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Investment properties *(Continued)*

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.

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 in net fair value 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Intangible assets *(Continued)*

(a) Goodwill *(Continued)*

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

(b) Other intangible assets

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

2.10 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 which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(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)*.

(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 the investment matures or management intends to dispose of the investment within 12 months of the end of reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

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

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 other comprehensive income.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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*.

2.12 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Trade and other receivables

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

2.14 Cash and cash equivalents

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

2.15 Share capital

Ordinary shares are classified as equity.

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

2.16 Trade and other payables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

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

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except for deferred income tax liability 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 in the income statement 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 arising from experience adjustments and changes in actuarial assumptions 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.

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, 2012, if the price of the listed securities has increased/decreased by 10% with all other variables held constant, the Group's other gains, net would have increased/decreased by HK$2,204,000 (2011: HK$1,619,000) arising from the financial assets at fair value through profit or loss and investment reserve would have increased/decreased by HK$41,767,000 (2011: HK$32,126,000) 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, 2012, 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, 2011 and 31st March, 2012.

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 (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31st March, 2012.

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Total** *HK$'000*
Assets			
Available-for-sale financial assets			
– Listed investments	417,667	–	417,667
Derivative financial instruments	–	29,927	29,927
Investment portfolio			
– Debt investments	–	17,408	17,408
– Equity securities	22,041	–	22,041
– Others	–	504	504
Total financial assets measured at fair value	439,708	47,839	487,547

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, 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

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 *(see 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.

5 SEGMENT INFORMATION

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

5 SEGMENT INFORMATION *(Continued)*

Segment information for the Group for the current year and the comparative figures are as follows:

	Hong Kong HK$'000	Mainland China HK$'000	North America HK$'000	Group HK$'000
Year ended 31st March, 2012				
Total segment revenue	**4,786,507**	**1,074,925**	**203,884**	**6,065,316**
Inter-segment revenue *(Note i)*	**(2,517)**	**(106,361)**	**–**	**(108,878)**
Revenue (from external revenue) *(Note ii)*	**4,783,990**	**968,564**	**203,884**	**5,956,438**
Segment results *(Note iii)*	**700,660**	**87,510**	**14,477**	**802,647**
Depreciation and amortisation	**171,064**	**57,023**	**15,926**	**244,013**
Finance income	**6,081**	**2,753**	**182**	**9,016**
Share of profit/(loss) of associates	**1,742**	**(1,812)**	**380**	**310**
Share of loss of jointly controlled entities	**(279)**	**(54)**	**–**	**(333)**
Income tax expense/(credit)	**81,516**	**13,842**	**(1,214)**	**94,144**

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

(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, 2012, 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, 2012 ***HK$'000***	31st March, 2011 *HK$'000*
Segment results	**802,647**	834,598
Depreciation and amortisation	**(244,013)**	(224,983)
Operating profit	**558,634**	609,615
Finance income	**9,016**	7,298
Share of profit of associates	**310**	2,645
Share of loss of jointly controlled entities	**(333)**	(67)
Profit before income tax	**567,627**	619,491

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st March, 2012				
Segment assets	**2,470,971**	**822,554**	**274,610**	**3,568,135**
Segment assets include:				
Investments in associates	**1,869**	**15,402**	**1,234**	**18,505**
Investments in jointly controlled entities	**6,721**	**4,339**	**–**	**11,060**
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	**513,954**	**129,442**	**16,381**	**659,777**
Year ended 31st March, 2011				
Segment 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

As at 31st March, 2012, the total non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets) located in Hong Kong is HK$1,631,799,000 (As at 31st March, 2011: HK$1,341,176,000), in Mainland China is HK$497,023,000 (As at 31st March, 2011: HK$438,022,000) and in North America is HK$208,805,000 (As at 31st March, 2011: HK$225,132,000).

5 SEGMENT INFORMATION *(Continued)*

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

	Group	
	31st March, 2012 *HK$'000*	31st March, 2011 *HK$'000*
Total segment assets	**3,568,135**	3,324,516
Deferred income tax assets	**18,075**	14,160
Available-for-sale financial assets	**417,667**	324,052
Financial assets at fair value through profit or loss	**69,880**	104,294
Retirement benefit assets	**–**	14,361
Total assets	**4,073,757**	3,781,383

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	
	2012 *HK$'000*	2011 *HK$'000*
In Hong Kong, held on:		
Leases of between 10 to 50 years	**53,114**	22,976
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**44,029**	44,834
	97,143	67,810

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**67,810**	69,058
Addition	**31,349**	–
Amortisation of leasehold land and land use rights	**(2,767)**	(2,170)
Exchange differences	**751**	922
End of the year	**97,143**	67,810

Amortisation expense of HK$2,767,000 (2011: HK$2,170,000) 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, 2010					
Cost	461,301	657,089	1,194,863	118,755	2,432,008
Accumulated depreciation and impairment losses	(120,488)	(376,755)	(900,895)	–	(1,398,138)
Net book amount	340,813	280,334	293,968	118,755	1,033,870
Year ended 31st March, 2011					
Opening net book amount	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	–	1,152	325	–	1,477
Disposal of a subsidiary	–	(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
Year ended 31st March, 2012					
Opening net book amount	387,895	303,594	295,116	189,159	1,175,764
Additions	70,324	131,081	171,914	169,358	542,677
Disposals	(7)	(12,055)	(6,280)	–	(18,342)
Depreciation	(13,056)	(97,139)	(118,738)	–	(228,933)
Transfer	125,558	–	18,325	(143,883)	–
Exchange differences	3,565	5,241	1,388	1,202	11,396
Closing net book amount	574,279	330,722	361,725	215,836	1,482,562
At 31st March, 2012					
Cost	717,393	859,988	1,373,120	215,836	3,166,337
Accumulated depreciation and impairment losses	(143,114)	(529,266)	(1,011,395)	–	(1,683,775)
Net book amount	574,279	330,722	361,725	215,836	1,482,562

7 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Depreciation expenses of HK$219,230,000 (2011: HK$200,474,000) and HK$9,703,000 (2011: HK$9,012,000) have been included in cost of sales and administrative expenses, respectively.

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Net book value:		
Freehold land	**14,811**	14,811
Leasehold land classified as finance lease	**298,454**	304,602
Buildings	**261,014**	68,482
	574,279	387,895

As at 31st March, 2012 and 2011, the Group's freehold land was located outside Hong Kong.

As at 31st March, 2012, the Group's leasehold land with net book value of HK$298,454,000 (2011: HK$304,602,000) was located in Hong Kong under the following leases:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Leases of over 50 years	**50,941**	51,378
Leases of between 10 to 50 years	**247,513**	253,224
	298,454	304,602

8 INVESTMENT PROPERTIES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**316,200**	266,100
Fair value gains	**45,000**	50,100
Disposal	**(35,000)**	–
End of the year	**326,200**	316,200

The investment properties were revalued at 31st March, 2012 and 31st March, 2011 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	
	2012	2011
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**102,800**	88,000
Leases of between 10 to 50 years	**223,400**	228,200
	326,200	316,200

9 INTANGIBLE ASSETS

	Group		
	Goodwill *HK$'000*	Other intangible assets *HK$'000*	Total *HK$'000*
At 1st April, 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	–	4,510	4,510
Disposal of a subsidiary	(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
Year ended 31st March, 2012			
Opening net book amount	104,521	86,155	190,676
Amortisation expense	–	(12,313)	(12,313)
Disposal of an associate	(203)	–	(203)
Exchange differences	(3,007)	(2,501)	(5,508)
Closing net book amount	101,311	71,341	172,652
At 31st March, 2012			
Cost	119,086	198,376	317,462
Accumulated amortisation and impairment losses	(17,775)	(127,035)	(144,810)
Closing net book amount	101,311	71,341	172,652

9 INTANGIBLE ASSETS *(Continued)*

(a) Amortisation expense of HK$12,313,000 (2011: HK$13,327,000) 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.

	2012 *HK$'000*	2011 *HK$'000*
North America	**100,207**	103,417
Hong Kong and Mainland China *(Note a)*	**3,906**	3,906
	104,113	107,323

Note a: Goodwill relating to an associate in Mainland China of HK$2,802,000 (2011: 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. 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	14.5%

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 result of the sensitivity analysis, 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

	2012 *HK$'000*	2011 *HK$'000*
Unlisted investments, at cost	**331,802**	331,802
Amounts due from subsidiaries	**790,833**	802,993
	1,122,635	1,134,795

Amounts due from subsidiaries represent funding by the Company to the respective 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, 2012.

The following is a list of the principal subsidiaries as at 31st March, 2012:

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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Bravo le Café Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Brilliantwin Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Café de Coral Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Central Processing Limited	Hong Kong	HK$20	Ordinary	100%	Food processing
Café de Coral (China) Limited	Hong Kong	HK$40,000,000	Ordinary	100%	Investment holding
Café de Coral (Denmark) ApS	Denmark	DKK125,000	Ordinary	100%	Investment holding
Café de Coral Development Limited[1]	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Fast Food Limited	Hong Kong	HK$20	Ordinary	100%	Catering
Café de Coral Group Limited	Hong Kong	HK$44,894,967	Ordinary	100%	Catering
Café de Coral (Guangzhou) Catering Company Limited	The 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, 2012: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Central Victory Investments Limited	British Virgin Islands	US$50,000	Ordinary	100%	Investment holding
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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Glad Success Enterprises Limited	Hong Kong	HK$10,000	Ordinary	100%	Catering
Gateway City Limited	Hong Kong	HK$20	Ordinary	100%	Catering
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
Greatpower Kingdom Limited	Hong Kong	HK$10,000	Ordinary	100%	Investment holding
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
Guangzhou Fortunate Spaghetti House Catering Co Ltd	The PRC	HK$3,200,000	–	100%	Catering
Huizhou Asia Pacific Catering Company Limited	The PRC	HK$3,200,000	–	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Interface Consultants Limited	British Virgin Islands	US$1	Ordinary	100%	Provision of consultancy services
Invol Resources Limited	Hong Kong (incorporation)/ The PRC (operation)	HK$6,125,000	Ordinary	100%	Property investment
Jetstar Universal Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Jiangmen Café de Coral Catering Company Limited	The PRC	HK$5,000,000	–	100%	Catering
Kater International Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Kamstar International Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Kolink Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Leasing of premises space
Luckyview Enterprises Limited	Hong Kong	HK$1	Ordinary	100%	Investment holding
Manchu Wok (Canada) Inc.	Canada	C$5,740,000	Common	100%	Fast food chains
Manchu Wok Enterprises Inc.	Canada (incorporation)/ The United States of America and Canada (operation)	C$2,865,000 C$3,000,000 C$955	Class A[2] Class B[3] Class C[4]	100% 100% 100%	Investment holding
Manchu Wok Enterprises II Inc.	Canada (incorporation)/ The United States of America and Canada (operation)	US$2,100,000 C$1,600	Class B[3] Class C[4]	100% 100%	Investment holding

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

Name of subsidiary	Country of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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
Worldson Enterprises Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Worldway Limited	Macau	MOP300,000	Ordinary	100%	Property investment
Yumi Yumi Caterers Limited	Hong Kong	HK$6,701,560 HK$2,872,100	Class A[6] Class B[7]	100% 100%	Catering
Zhongshan Café de Coral Catering Company Limited	The PRC	HK$1,200,000	–	100%	Catering
Zhuhai Café de Coral Catering Company Limited	The PRC	HK$8,000,000	–	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2012: *(Continued)*

[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 2012 HK$'000	Group 2011 HK$'000
Share of net assets	**15,643**	18,409
Goodwill	**2,802**	2,802
Due from associates *(Note b)*	**60**	60
	18,505	21,271

(a) Details of associates as at 31st March, 2012 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	20%

(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 values of the associates were not less than their carrying amounts as at 31st March, 2012.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Share of net assets	**11,060**	4,240

(a) Details of the jointly controlled entities as at 31st March, 2012 are as follows:

Name	**Place of establishment/ incorporation and operations**	**Principal activity**	**Interest held indirectly**
Profit Sky International Limited	British Virgin Islands	Investment holding	50%
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 book value as at 31st March, 2012.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**324,052**	351,695
Additions	**6**	88,818
Redemptions/disposals	**(42,520)**	(97,033)
Fair value gains/(losses) recognised in reserve	**136,129**	(19,428)
End of the year	**417,667**	324,052

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

Available-for-sale financial assets include the following:

	Group	
	2012	2011
	HK$'000	*HK$'000*
– Listed investments	**417,667**	321,256
– Others	**–**	2,796
	417,667	324,052
Market value of listed securities	**417,667**	321,256

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
– HK dollar	**417,667**	321,256
– RMB	**–**	2,796
	417,667	324,052

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 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$1,989,670,000 (2011: HK$1,718,281,000).

16 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**35,969**	23,002
Less: provision for impairment of receivables	**(595)**	(718)
Trade receivables – net	**35,374**	22,284
Other receivables	**38,515**	32,049
	73,889	54,333
Prepayments and deposits	**99,070**	101,534
	172,959	155,867

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	
	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**25,176**	19,123
31 – 60 days	**6,319**	1,838
61 – 90 days	**1,458**	517
Over 90 days	**3,016**	1,524
	35,969	23,002

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**718**	992
Provision for impairment	**56**	57
Receivables written off during the year	**(179)**	(295)
Exchange difference	**–**	(36)
End of the year	**595**	718

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

Trade receivables that are less than 90 days past due are not considered as impaired. As of 31st March, 2012, trade receivables of HK$3,016,000 (2011: HK$1,524,000) were past due but not impaired. Substantially all of these trade receivables were aged less than 120 days. These relate 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	
	2012	2011
	HK$'000	*HK$'000*
HK dollar	**51,839**	38,200
RMB	**19,036**	13,830
US dollar	**1,318**	1,490
Canadian dollar	**1,696**	813
	73,889	54,333

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Non-current financial assets at fair value through profit or loss:		
Derivative financial instruments *(Note a)*	**14,745**	38,392
Current financial assets at fair value through profit or loss:		
Investment portfolio *(Note b)*	**39,953**	42,055
Derivative financial instruments:		
– Others	**15,182**	4,732
Unlisted funds	**–**	19,115
	55,135	65,902
Total	**69,880**	104,294
Market value of listed securities	**22,041**	16,187

(a) These derivative financial instruments include three (2011: four) guaranteed deposit notes with maturity dates ranging from three to five years. These notes are unsecured and bear interests at fixed or variable interest rates during the terms of the notes. One (2011: two) of the guaranteed deposit notes bear interest at approximately 4% with the Note Issuers having the right to switch the interest coupon to floating rate of 3-month LIBOR plus 1% per annum. The remaining two (2011: two) notes bear interest at 3-month LIBOR plus 0.75% to 3.05% per annum with an interest cap ranging from 7% to 8.5% and interest floor ranging from 2.5% to 3.5%.

(b) As at 31st March, 2012, investment portfolio mainly comprised debt securities of HK$17 million (2011: HK$25 million) and equity securities of HK$22 million (2011: HK$16 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 BANK DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

(a) Bank deposits with maturity over three months

As at 31st March 2012, the Group has bank deposits with maturity over three months and less than one year of approximately HK$31,033,000 (2011: Nil). The deposits were denominated in USD at an average interest rate of 0.4% (2011: Nil) per annum.

(b) Cash and cash equivalents

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and on hand	**468,704**	567,421	**456**	126
Short-term bank deposits	**385,713**	425,912	**–**	–
	854,417	993,333	**456**	126
Maximum exposure to credit risk	**832,144**	973,185	**456**	126

The effective interest rate on short-term bank deposits was 2.2% (2011: 1.55%) per annum. These deposits have an average maturity of 80 days (2011: 77 days).

18 BANK DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS *(Continued)*

(b) Cash and cash equivalents *(Continued)*

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK dollar	**269,320**	365,077	**456**	126
RMB	**454,314**	436,000	**–**	–
US dollar	**107,302**	171,576	**–**	–
Canadian dollar	**10,590**	10,858	**–**	–
Others	**12,891**	9,822	**–**	–
	854,417	993,333	**456**	126

The Group's cash and bank balances of HK$223,825,000 (2011: HK$217,353,000) denominated in RMB were deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and remittance of these deposits out of the PRC 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	
	2012	2011
	HK$'000	*HK$'000*
Retirement benefit assets/(liabilities)		
Defined contribution schemes *(Note (a))*	**(8,308)**	(7,634)
Defined benefit scheme *(Note (b))*	**(12,328)**	14,361
Provision for long service payments *(Note (c))*	**(9,872)**	(14,249)

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

(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, 2012, the Group has defined contribution scheme payable of HK$8,308,000 (2011: HK$7,634,000), which were recorded in other creditors and accrued liabilities.

(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.

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

(b) Defined benefit scheme *(Continued)*

The net (liabilities)/assets recognised in the consolidated statement of financial position is determined as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Present value of funded obligations	**(157,612)**	(151,385)
Fair value of plan assets	**145,284**	165,746
Net (liabilities)/assets in the consolidated statement of financial position	**(12,328)**	14,361
Experience adjustment (loss)/gain on plan liabilities	**(1,466)**	5,350
Experience adjustment loss/(gain) on plan assets	**13,221**	(1,115)

The movements in the defined benefit obligation are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**(151,385)**	(135,423)
Current service cost	**(5,098)**	(4,653)
Interest cost	**(3,487)**	(3,525)
Employee contributions	**(1,344)**	(1,365)
Actuarial loss	**(19,097)**	(12,305)
Benefits paid	**22,799**	5,886
End of the year	**(157,612)**	(151,385)

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

(b) Defined benefit scheme *(Continued)*

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**165,746**	155,835
Expected return on plan assets	**10,182**	9,222
Actuarial (loss)/gain	**(13,221)**	1,115
Employee contributions	**1,344**	1,365
Employer contributions	**4,032**	4,095
Benefits paid	**(22,799)**	(5,886)
End of the year	**145,284**	165,746

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current service cost	**5,098**	4,653
Interest cost	**3,487**	3,525
Expected return on plan assets	**(10,182)**	(9,222)
Total, included in employee benefit expenses *(Note 32)*	**(1,597)**	(1,044)

Of the total amount credited to consolidated income statement, approximately HK$716,000 (2011: HK$468,000) and HK$881,000 (2011: HK$576,000) have been included in cost of sales and administrative expenses, respectively.

The actual return on plan assets was a loss of approximately HK$3,039,000 (2011: a gain of HK$10,337,000).

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

(b) Defined benefit scheme *(Continued)*

The principal actuarial assumptions used are as follows:

	2012	2011
Discount rate	**1.0% p.a.**	2.5% p.a.
Expected rate of return on plan assets	**4.5% p.a.**	6.5% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3.5% p.a.

The actuarial losses recognised in the consolidated statement of comprehensive income were HK$32,318,000 (2011: losses of HK$11,190,000).

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income were HK$32,846,000 (2011: losses of HK$528,000).

	2012	2011
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equity instruments	**41.0%**	47.0%
Debt instruments	**56.0%**	44.0%
Other assets	**3.0%**	9.0%

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.

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

(b) Defined benefit scheme *(Continued)*

Expected contributions to the benefit plans by the Group for the year ending 31st March, 2013 are approximately HK$3,779,000.

(c) Provision for long service payments

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

Such provision for long service payment obligation was valued by HSBC Life (International) Limited, an independent qualified actuary, using the projected unit credit method.

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Liability in the consolidated statement of financial position	**9,872**	14,249
Experience adjustment loss on plan liabilities	**199**	428

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

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

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**14,249**	8,255
Current service cost	**284**	372
Interest cost	**319**	193
Benefits paid	**(1,117)**	(382)
Actuarial (gain)/loss on obligation	**(3,863)**	5,811
End of the year	**9,872**	14,249

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current service cost	**284**	372
Interest cost	**319**	193
Total, included in employee benefit expenses *(Note 32)*	**603**	565

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$377,000 (2011: HK$353,000) and HK$226,000 (2011: HK$212,000) have been included in cost of sales and administrative expenses, respectively.

The principal actuarial assumptions used are as follows:

	2012	2011
Discount rate	**0.4% p.a.**	2.3% p.a.
Expected rate of future salary increases	**3.5% p.a.**	3.5% p.a.

The actuarial gain recognised in the consolidated statement of comprehensive income was HK$3,863,000 (2011: loss of HK$5,811,000).

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income were HK$2,628,000 (2011: HK$6,491,000).

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	
	2012	2011
	HK$'000	*HK$'000*
Deferred tax assets to be recovered after 12 months	**18,075**	14,160
Deferred tax liabilities to be settled after 12 months	**(62,021)**	(61,117)
	(43,946)	(46,957)

20 DEFERRED INCOME TAX *(Continued)*

Movements in net deferred tax liabilities are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Beginning of the year	**46,957**	49,471
Deferred taxation (credited)/charged to the consolidated income statement *(Note 28)*	**(3,277)**	2,383
Deferred taxation charged/(credited) to equity	**1,004**	(2,805)
Acquisition of a subsidiary	**–**	(3,542)
Exchange differences	**(738)**	1,450
End of the year	**43,946**	46,957

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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Beginning of the year	**7,133**	4,364	**9,264**	7,873	**1,004**	–	**1,951**	2,294	**19,352**	14,531
Credited/(charged) to the consolidated income statement	**3,493**	2,769	**(1,960)**	(2,151)	**-**	–	**881**	(343)	**2,414**	275
(Charged)/credited to equity	**-**	–	**-**	–	**(1,004)**	1,004	**-**	–	**(1,004)**	1,004
Acquisition of a subsidiary	**-**	–	**-**	3,542	**-**	–	**-**	–	**-**	3,542
Exchange differences	**-**	–	**(162)**	–	**-**	–	**-**	–	**(162)**	-
End of the year	**10,626**	7,133	**7,142**	9,264	**-**	1,004	**2,832**	1,951	**20,600**	19,352

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	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Beginning of the year	**13,028**	14,884	**27,996**	30,298	**25,285**	17,019	**-**	1,801	**66,309**	64,002
(Credited)/charged to the consolidated income statement	**(678)**	(1,856)	**(3,713)**	(3,752)	**3,528**	8,266	**-**	–	**(863)**	2,658
Credited to equity	**-**	–	**-**	–	**-**	–	**-**	(1,801)	**-**	(1,801)
Exchange differences	**-**	–	**(900)**	1,450	**-**	–	**-**	–	**(900)**	1,450
End of the year	**12,350**	13,028	**23,383**	27,996	**28,813**	25,285	**-**	–	**64,546**	66,309

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, 2012, the Group has unrecognised tax losses of approximately HK$213,415,000 (2011: HK$133,142,000). Tax losses amounting to approximately HK$124,477,000 (2011: HK$122,213,000) and HK$49,082,000 (2011: Nil) will be expired up to year 2030 and 2017 respectively, 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$173,068,000 (2011: HK$129,538,000) of the Company's subsidiaries in the Mainland China earned after 1st January, 2008. 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	
	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**153,201**	162,929
31 – 60 days	**10,348**	4,473
61 – 90 days	**2,260**	2,629
Over 90 days	**5,441**	2,382
	171,250	172,413

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
HK dollar	**116,683**	127,175
RMB	**48,243**	40,116
Canadian dollar	**6,324**	5,122
	171,250	172,413

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

22 SHARE CAPITAL

	Group and Company			
	2012		2011	
	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	**563,127**	**56,313**	558,869	55,887
Shares issued under share option scheme *(Note 34)*	**6,430**	**643**	4,258	426
End of the year	**569,557**	**56,956**	563,127	56,313

During the year, 6,430,000 shares (2011: 4,257,500 shares) of HK$0.10 each were issued at average exercise price of approximately HK$12.23 (2011: HK$12.15). Total proceed less expenses amounting to HK$78,665,000 (2011: HK$51,730,000) 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, 2011	249,520	152,034	93,157	21,079	180,493	54,599	85,197	180	2,173,258	3,009,517
Proceeds from shares issued	78,022	–	–	–	–	–	–	–	–	78,022
Changes in fair value for available-for-sale financial assets	–	–	–	–	136,129	–	–	–	–	136,129
Reserve released upon disposal of available-for-sale financial assets	–	–	–	–	(3,992)	–	–	–	–	(3,992)
Actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(28,455)	(28,455)
Deferred income tax effect on actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(1,004)	(1,004)
Employee share option scheme – value of employee services	–	–	–	–	–	10,166	–	–	–	10,166
Release of share-based compensation reserve to share premium upon exercise of share options	14,334	–	–	–	–	(14,334)	–	–	–	–
Transfer upon lapse of share options	–	–	–	–	–	(9,236)	–	–	9,236	–
Exchange differences arising from translation of foreign subsidiaries, associates and jointly controlled entities	–	–	10,065	–	–	–	–	–	–	10,065
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	473,801	473,801
Dividends	–	–	–	–	–	–	–	–	(492,207)	(492,207)
At 31st March, 2012	**341,876**	**152,034**	**103,222**	**21,079**	**312,630**	**41,195**	**85,197**	**180**	**2,134,629**	**3,192,042**

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, 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

(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, 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
At 1st April, 2011	249,520	152,034	54,599	94,467	528,711	1,079,331
Proceeds from shares issued	78,022	–	–	–	–	78,022
Employee share option scheme – value of employee services	–	–	10,166	–	–	10,166
Release of share-based compensation reserve to share premium upon exercise of share options	14,334	–	(14,334)	–	–	–
Transfer upon lapse of share options	–	–	(9,236)	–	9,236	–
Profit attributable to equity holders of the Company	–	–	–	–	399,139	399,139
Dividends	–	–	–	–	(492,207)	(492,207)
At 31st March, 2012	**341,876**	**152,034**	**41,195**	**94,467**	**444,879**	**1,074,451**

(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

	2012 HK$'000	2011 HK$'000
Sales of food and beverages	**5,814,409**	5,202,910
Rental income	**40,917**	38,408
Royalty income	**41,929**	41,178
Management and service fee income	**8,805**	9,622
Franchise income	**3,553**	2,369
Sundry income	**46,825**	38,152
	5,956,438	5,332,639

25 OTHER GAINS, NET

	2012 HK$'000	2011 HK$'000
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,993)**	4,876
Loss on disposal of financial assets at fair value through profit or loss	**(24)**	(12)
Gain on disposal of available-for-sale financial assets	**3,249**	18,490
Dividend income from listed investments	**13,693**	15,808
Fair value gains on investment properties	**45,000**	50,100
Loss on disposal of property, plant and equipment	**(14,571)**	(5,444)
Gain on disposal of investment property	**6,142**	–
Gain on disposal of trademark	**11,387**	–
Negative goodwill arising from acquisition of a subsidiary	**–**	3,692
Others	**–**	2,036
	62,883	89,546

26 EXPENSES BY NATURE

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

	2012 *HK$'000*	2011 *HK$'000*
Cost of raw materials and consumables used	**1,989,670**	1,718,281
Amortisation of leasehold land and land use rights	**2,767**	2,170
Amortisation of intangible assets	**12,313**	13,327
Depreciation of property, plant and equipment	**228,933**	209,486
Provision for impairment of property, plant and equipment	**–**	1,239
Operating lease rentals in respect of rented premises (including contingent rentals of HK$42,351,000 (2011: HK$33,931,000))	**668,137**	599,093
Exchange gains, net	**(13,394)**	(1,977)
Employee benefit expense *(Note 32)*	**1,512,811**	1,315,568
Auditor's remuneration	**4,139**	3,981
Electricity, water and gas	**359,956**	333,657
Advertising and promotion expenses	**76,366**	78,250
Provision for impairment of trade receivables	**123**	57
Other expenses	**618,866**	539,438
	5,460,687	4,812,570
Representing:		
Cost of sales	**5,142,737**	4,528,864
Administrative expenses	**317,950**	283,706
	5,460,687	4,812,570

27 FINANCE INCOME

	2012 *HK$'000*	2011 *HK$'000*
Interest income	**9,016**	7,298

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% (2011: 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 to the consolidated income statement represents:

	2012	2011
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**86,627**	85,002
– Overseas taxation	**15,429**	16,879
Deferred income tax relating to the origination and reversal of temporary differences *(Note 20)*	**(3,277)**	2,383
(Over)/Under-provision in prior years	**(4,635)**	905
	94,144	105,169

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:

	2012	2011
	HK$'000	*HK$'000*
Profit before income tax	**567,627**	619,491
Calculated at a taxation rate of 16.5% (2011: 16.5%)	**93,658**	102,216
Effect of different taxation rates in other countries	**2,264**	5,038
Income not subject to taxation	**(8,505)**	(8,231)
Expenses not deductible for taxation purposes	**4,741**	5,566
Recognition of previously unrecognised temporary difference	**(1,059)**	(2,874)
Derecognition of previously recognised temporary difference	**(3,897)**	–
Tax losses not recognised	**9,842**	2,559
(Over)/under-provision in prior years	**(4,635)**	905
Others	**1,735**	(10)
Taxation charge	**94,144**	105,169

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$399,139,000 (2011: HK$398,246,000).

30 DIVIDENDS

	2012 *HK$'000*	2011 *HK$'000*
Interim dividend, paid, of HK17 cents (2011: HK17 cents) per ordinary share	**96,289**	95,649
Final dividend, proposed, HK45 cents (2011: HK45 cents) per ordinary share	**256,997**	253,992
Special dividend, proposed, Nil (2011: HK25 cents) per ordinary share	**–**	141,106
	353,286	490,747

A final dividend of HK45 cents per ordinary share in respect of the year ended 31st March, 2012, amounting to a total final dividend of approximately HK$256,997,000, was proposed. Such final dividend is to be approved by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

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.

	2012	2011
Profit attributable to equity holders of the Company *(HK$'000)*	**473,801**	514,328
Weighted average number of ordinary shares in issue *('000)*	**565,517**	561,640
Basic earnings per share *(HK cents per share)*	**83.78 HK cents**	91.58 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.

	2012	2011
Profit attributable to equity holders of the Company *(HK$'000)*	**473,801**	514,328
Weighted average number of ordinary shares in issue *('000)*	**565,517**	561,640
Adjustment for share options *('000)*	**4,034**	6,730
	569,551	568,370
Diluted earnings per share *(HK cents per share)*	**83.19 HK cents**	90.49 HK cents

32 EMPLOYEE BENEFIT EXPENSES

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

	2012 HK$'000	2011 HK$'000
Wages, salaries and allowances	**1,405,110**	1,220,527
Discretionary bonuses	**44,336**	35,833
Pension costs		
– Defined contribution plans	**54,193**	46,942
– Defined benefit plan *(Note 19)*	**(1,597)**	(1,044)
– Long service payments *(Note 19)*	**603**	565
Share-based compensation expenses	**10,166**	12,745
	1,512,811	1,315,568

(b) Directors' emoluments

The remuneration of each director for the year ended 31st March, 2012 is set out below:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Share-based compensation expense HK$'000	Total HK$'000
Executive directors						
Mr. Chan Yue Kwong, Michael	50	3,032	2,534	125	290	6,031
Mr. Lo Hoi Kwong, Sunny	50	1,960	5,889	155	290	8,344
Ms. Lo Pik Ling, Anita	50	507	1,297	59	87	2,000
Mr. Lo Tak Shing, Peter	50	527	303	12	60	952
Non-executive directors						
Mr. Lo Tang Seong, Victor	80	–	–	–	–	80
Mr. Lo Ming Shing, Ian	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, 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

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 (2011: three) directors whose emoluments are reflected in the analysis presented in *Note 32(b)*. The emoluments payable to the remaining two (2011: two) individual during the year are as follows:

	2012 **HK$'000**	2011 *HK$'000*
Basic salaries, gratuities and other allowances	**4,094**	3,999
Discretionary bonuses	**579**	523
Contributions to pension schemes	**77**	77
Share-based compensation expenses	**21**	129
	4,771	4,728

The emoluments fell within the following bands:

	Number of individuals **2012**	2011
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,500,001 to HK$3,000,000	**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:

	2012 HK$'000	2011 HK$'000
Profit before income tax	**567,627**	619,491
Adjustments for:		
– Finance income	**(9,016)**	(7,298)
– Depreciation of property, plant and equipment	**228,933**	209,486
– Amortisation of leasehold land and land use rights	**2,767**	2,170
– Amortisation of intangible assets	**12,313**	13,327
– Fair value gain on investment properties	**(45,000)**	(50,100)
– Fair value losses/(gains) on financial assets at fair value through profit or loss	**1,993**	(4,876)
– Loss on disposal of financial assets at fair value through profit or loss	**24**	12
– Gains on disposal of available-for-sales financial assets	**(3,249)**	(18,490)
– Gain on disposal of trademark	**(11,387)**	–
– Net loss on disposal of property, plant and equipment	**14,571**	5,444
– Net gain on disposal of investment properties	**(6,142)**	–
– Negative goodwill recognised on acquisition of subsidiary	**–**	(3,692)
– Share-based compensation expenses	**10,166**	12,745
– Provision for impairment of property, plant and equipment	**–**	1,239
– Dividend income from listed investments	**(13,693)**	(15,808)
– Share of profit of associates	**(310)**	(2,645)
– Share of loss of jointly controlled entities	**333**	67
Operating profit before working capital changes	**749,930**	761,072
Changes in working capital:		
– Inventories	**(1,113)**	(60,063)
– Prepayments and deposits – current	**2,464**	4,671
– Trade and other receivables	**(19,556)**	2,031
– Trade payables	**(1,163)**	22,024
– Other creditors and accrued liabilities	**94,925**	2,762
– Non-current prepayments and deposits	**(1,136)**	(28,462)
– Retirement benefit assets and provision for long service payments	**(6,143)**	(4,966)
Net cash generated from operations	**818,208**	699,069

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:

	2012	2011
	HK$'000	*HK$'000*
Net book amounts *(Note 7)*	**18,342**	5,592
Net loss on disposal of property, plant and equipment	**(14,571)**	(5,444)
Proceeds from disposals of property, plant and equipment	**3,771**	148

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. 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.

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.

34 SHARE OPTIONS *(Continued)*

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

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

No options had been granted under the New Scheme during the year (2011: 4,040 options). For these options granted in prior year, the weighted average fair value of options granted was determined using the Binomial option pricing model of 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.

34 SHARE OPTIONS *(Continued)*

The movements in share options are as follows:

Grant date	Exercise period	Exercise price *HK$*	Beginning of the year *'000*	Granted *'000*	Exercised *'000*	Forfeited *'000*	End of the year *'000*
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	110	–	(80)	–	30
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	2,400	–	(800)	–	1,600
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	3,118	–	(1,744)	(20)	1,354
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,450	–	(20)	–	3,430
2nd October, 2007	30th March, 2008 to 1st October, 2017	14.748	12,047	–	(3,786)	(519)	7,742
28th October, 2010	31st March, 2011 to 30th March, 2020	22.370	2,400	–	–	(60)	2,340
28th October, 2010	31st March, 2011 to 27th October, 2020	22.370	1,640	–	–	(660)	980
			25,165	–	(6,430)	(1,259)	17,476

Out of the 17,476,000 outstanding options (2011: 25,165,000), 14,392,000 options (2011: 14,335,500) were exercisable as at 31st March, 2012. The related weighted average share price at the time of exercise of the options during the year was HK$18.55 (2011: HK$19.50) per share.

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

At 31st March, 2012, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Land and buildings		
– Not later than one year	**557,796**	540,515
– Later than one year and not later than five years	**928,313**	886,083
– Later than five years	**176,861**	184,049
	1,662,970	1,610,647

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, 2012 and 31st March, 2011.

(b) Capital commitments

As at 31st March, 2012, the Group had the following capital commitments:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**85,361**	350,546
Authorised but not contracted for	**519,023**	267,824
	604,384	618,370

The Company did not have any capital commitment at 31st March, 2012 and 31st March, 2011.

36 FINANCIAL GUARANTEES

As at 31st March, 2012, the Company has given guarantees totalling approximately HK$536,000,000 (2011: HK$626,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

37 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Not later than one year	**25,300**	37,839
Later than one year and not later than five years	**21,991**	31,129
Later than five years	**193**	–
	47,484	68,968

The Company did not have any future operating lease receipts as at 31st March, 2012 and 31st March, 2011.

38 RELATED PARTY TRANSACTIONS

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

	2012	2011
	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)*	**479**	438

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 (as defined under the Listing Rules) of a non-controlling interest 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

	2012 *HK$'000*	2011 *HK$'000*
Salaries and allowances	**11,888**	10,595
Directors' fees	**200**	200
Discretionary bonuses	**12,392**	16,597
Contributions to pension schemes	**622**	581
Share-based compensation expense	**830**	1,958
	25,932	29,931

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
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 STATEMENTS

For the five years ended 31st March, 2012

	2012 *HK$'000*	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*	2008 *HK$'000*
Revenue	**5,956,438**	5,332,639	4,882,668	4,673,609	4,283,586
Cost of sales	**(5,142,737)**	(4,528,864)	(4,050,776)	(3,916,966)	(3,585,428)
Gross profit	**813,701**	803,775	831,892	756,643	698,158
Other gains, net	**62,883**	89,546	49,428	21,929	23,355
Administrative expenses	**(317,950)**	(283,706)	(274,725)	(256,896)	(240,838)
Operating profit	**558,634**	609,615	606,595	521,676	480,675
Finance income	**9,016**	7,298	8,262	18,425	31,278
Share of profit of associates	**310**	2,645	2,330	2,262	2,442
Share of (loss)/profit of jointly controlled entities	**(333)**	(67)	311	(256)	(791)
Profit before income tax	**567,627**	619,491	617,498	542,107	513,604
Income tax expenses	**(94,144)**	(105,169)	(104,769)	(100,529)	(93,370)
Profit for the year	**473,483**	514,322	512,729	441,578	420,234
Allocated as:					
Loss attributable to non-controlling interests	**(318)**	(6)	(503)	(288)	–
Profit attributable to equity holders of the Company	**473,801**	514,328	513,232	441,866	420,234
Dividends	**353,286**	490,747	347,208	377,547	276,265
Basic earnings per share	**83.78 HK cents**	91.58 HK cents	92.16 HK cents	79.77 HK cents	76.36 HK cents
Diluted earnings per share	**83.19 HK cents**	90.49 HK cents	91.33 HK cents	79.25 HK cents	75.65 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	(Restated)	(Restated)
Assets					
Non-current assets					
Leasehold land and land use rights	**97,143**	67,810	69,058	70,417	72,188
Property, plant and equipment	**1,482,562**	1,175,764	1,033,870	903,805	840,260
Investment properties	**326,200**	316,200	266,100	230,800	202,700
Intangible assets	**172,652**	190,676	190,848	166,053	234,912
Investments in associates	**18,505**	21,271	20,578	6,239	7,059
Investments in jointly controlled entities	**11,060**	4,240	4,118	34,521	33,604
Deferred income tax assets	**18,075**	14,160	6,832	19,974	15,615
Retirement benefit assets	**–**	14,361	20,412	–	14,104
Available-for-sale financial assets	**417,667**	324,052	351,695	199,590	293,707
Non-current prepayments and deposits	**229,505**	228,369	197,791	152,218	123,034
Financial assets at fair value through profit or loss	**14,745**	38,392	30,294	–	–
Held-to-maturity investments	**–**	–	–	–	1,018
	2,788,114	2,395,295	2,191,596	1,783,617	1,838,201
Current assets					
Inventories	**172,099**	170,986	110,370	100,295	94,881
Trade and other receivables	**73,889**	54,333	56,149	58,823	46,968
Prepayments and deposits	**99,070**	101,534	105,773	96,822	87,006
Financial assets at fair value through profit or loss	**55,135**	65,902	69,954	37,023	134,142
Bank deposits with maturity over three months	**31,033**	–	–	–	–
Cash and cash equivalents	**854,417**	993,333	968,559	894,369	733,298
	1,285,643	1,386,088	1,310,805	1,187,332	1,096,295
Total assets	**4,073,757**	3,781,383	3,502,401	2,970,949	2,934,496

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31st March

	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	(Restated)	(Restated)
Liabilities					
Non-current liabilities					
Deferred income tax liabilities	**62,021**	61,117	56,303	57,752	64,884
Provision for long service payments	**9,872**	14,249	8,255	15,512	6,311
Retirement benefit liabilities	**12,328**	–	–	20,176	–
	84,221	75,366	64,558	93,440	71,195
Current liabilities					
Trade payables	**171,250**	172,413	147,969	117,601	112,766
Other creditors and accrued liabilities	**535,286**	440,361	399,603	348,738	328,808
Current income tax liabilities	**32,731**	25,824	35,271	33,977	34,339
	739,267	638,598	582,843	500,316	475,913
Total Liabilities	**823,488**	713,964	647,401	593,756	547,108
Equity					
Capital and reserve attributable to the equity holders of the Company					
Share capital	**56,956**	56,313	55,887	55,558	55,257
Other reserves	**1,057,413**	836,259	775,767	541,940	590,087
Retained earnings	**2,134,629**	2,173,258	2,021,751	1,777,597	1,739,658
	3,248,998	3,065,830	2,853,405	2,375,095	2,385,002
Non-controlling interests	**1,271**	1,589	1,595	2,098	2,386
Total equity	**3,250,269**	3,067,419	2,855,000	2,377,193	2,387,388
Total equity and liabilities	**4,073,757**	3,781,383	3,502,401	2,970,949	2,934,496

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

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