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

2013 年報 Annual Report

「創立大家樂的那一天，我只想開創一盤『顧客快樂、員工快樂、股東快樂』的生意。四十五年，眨眼便過去；最叫我欣慰的，不是生意做得有多大，而是我們一代又一代大家樂人在這大家庭裏得以實現理想。我更高興見到，大家樂人盡心盡力地回饋社會，與香港人風雨同舟、同步向前，成為受大眾喜愛、真正的『香港人的品牌』。」

羅騰祥　大家樂創辦人

"When I founded the Café de Coral Group in 1968, my sole desire was to start a business with the simple goal of making all 'customers, employees and shareholders happy'. Time flies and we are now celebrating our 45th anniversary together! The achievement I'm most proud of is not how big our enterprise has grown, but seeing how colleagues of different generations have all succeeded in realizing their dreams while working with us. I am also delighted by how devoted everyone has become in serving the communities that sustain our business! Over the years we have supported the Territory in facing and overcoming hard times and grown into a much loved Hong Kong people's brand."

Victor Lo, Founder, Café de Coral Group

前排（由左至右）：林家樑，黃志輝
中排：劉啟豪，羅騰祥，梁巧兒
後排：雷子慧，林麗和，廖泳雄，賴翠儀，周曉雲
Front Row (left to right): Louis Lam, Wong Chi Fai
Middle Row: Lau Kai Ho, Victor Lo, Heidi Leung
Back Row: Cherry Lui, Lin Li He, Liu Wing Hung, Phoebe Lai, Kimchi Zhou

Contents

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 Ming Shing, Ian
Mr. Hui Tung Wah, Samuel
Mr. Choi Ngai Min, Michael*
Mr. Li Kwok Sing, Aubrey*
Mr. Kwok Lam Kwong, Larry*
Mr. Au Siu Cheung, Albert*

* *Independent Non-executive Directors*

COMPANY SECRETARY

Ms. Li Oi Chun, Helen

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

AUDITOR

PricewaterhouseCoopers

SOLICITOR

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 Bank, Ltd.
Standard Chartered Bank (Hong Kong) Ltd.

BERMUDA SHARE REGISTRAR

HSBC Securities Services (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

WEBSITE

http://www.cafedecoral.com

STOCK CODE

341

FINANCIAL HIGHLIGHTS

Year ended 31st March,	**2013** *HK$'000*	2012 *HK$'000*	Change %
		(Restated)	
Revenue	**6,394,089**	5,956,438	7.3%
Profit attributable to equity holders of the Company	**544,947**	477,329	14.2%
Total assets	**4,413,738**	4,073,757	8.3%
Net assets	**3,551,645**	3,279,082	8.3%
Basic earnings per share	**95.26 HK cents**	84.40 HK cents	12.9%
Interim and final dividends per share	**65 HK cents**	62 HK cents	4.8%
Special dividend per share	**25 HK cents**	–	N/A
Net assets per share	**HK$6.19**	HK$5.76	7.5%

FINANCIAL CALENDAR

Half year results	Announced on 26th November, 2012
Full year results	Announced on 25th June, 2013
Annual Report	Despatched to shareholders in late July 2013
Closure of register of members	6th September, 2013 to 10th September, 2013 (both days inclusive)(for annual general meeting) 16th September, 2013 (for the proposed final and special dividends)
Annual General Meeting	10th September, 2013
Dividends	Interim: 17 HK cents per share paid on 28th December, 2012 Final: 48 HK cents per share payable on 26th September, 2013 Special: 25 HK cents per share payable on 26th September, 2013

Chairman's Message

We have indeed come a long way. As Café de Coral enters into its 45th anniversary year, we do have cause for gratification and celebration. The Group is now operating on a scale that would probably have seemed unthinkable in our early years. What began as a single-brand fast-food business, I am glad to have witnessed an astute multi-brand and multi-location strategy which has enabled us to expand our geographical reach as well as to attain a balanced business portfolio. Under this charted course, we have given ourselves a solid foundation and a remarkable platform on which to build for the future.

As a result of our relentless efforts over nearly half a century, today we stand as the market leader in the Hong Kong's quick-service restaurant industry. It is with much pride to have spearheaded the Group's transformation from a small homegrown enterprise to a multi-national corporation with a market capitalization increased by about 25 folds since it went public. We have made enormous strides in terms not only of our size, but of our revenue growth. As attested in today's results announcement, we have seen our turnover increased by about 17 times, and our profits by about 12 folds since its listing in 1986.

Our Board remains committed to a sustainable business model for growth, and we also ensure that the management team would share the same clear vision that these strategies are well executed as planned. We formulated strategies to carefully take into account the political and economic realities of the times, to improve on staff morale in the immediate term, to enhance the quality and service of our supply chain in the intermediate term, and to step up our production and operational efficiencies over the long term.

Our new Five-Year Plan is now on the drawing board and we envision that this will bring us opportunities alongside new challenges for future growth. A steady stream of sustainable pool of management is high on our agenda to meet tomorrow's complex corporate needs. Our central strategy should not be a quick fix, but to provide a solid foundation for business sustainability down the road. For that matter, I am counting on my role as Chairman, to lead an effective Board on strategic direction, to strengthen the Group's corporate governance, and to ensure that a sustainable management team be in place to realize these strategies in the years to come.

Mr. Lo Tang Seong, Victor, being one of the founders of the Company and serving the Board for 43 years, stepped down from directorship during the year. On behalf of the Board, I would like to thank Mr. Lo for his great contribution in the past. At the same time, I would like to record my thanks to Mr. Look Guy, who has significantly elevated our corporate governance standard while performing as past Chairman of our Audit Committee. I am also happy to welcome Mr. Albert Au as our new Independent Non-executive Director whom I believe, with his depth and breadth of professional experience, would make valuable contribution to the Board. Last but not least, I offer my warmest thanks to all the other directors of the Board for their dedication and commitment. Working with such quality directors of the Board is a real privilege.

Chan Yue Kwong, Michael
Chairman

Hong Kong, 25th June, 2013

Business Highlights

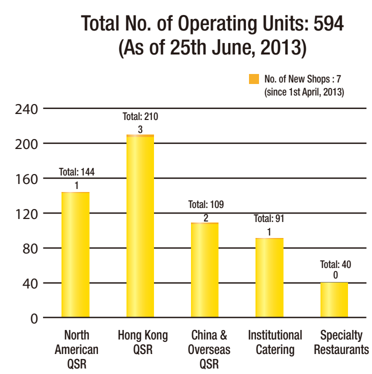
- **Entering our 45th anniversary, the Group has grown from a homegrown fast-food restaurant to being the market leader in Hong Kong's restaurant industry.**

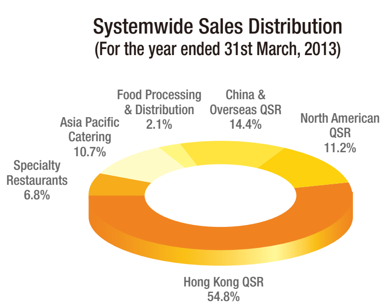
- **Revenue for the year increased by 7%, reaching HK$6.39 billion.**

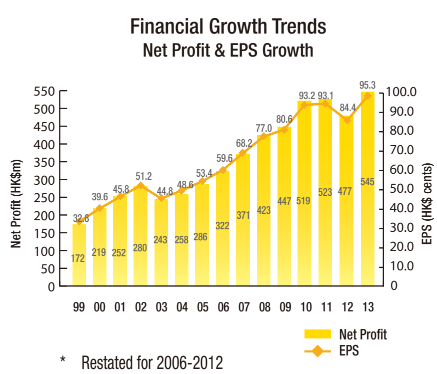
- **Profit attributable to shareholders recorded a 14% growth, reaching the historical high of HK$545 million, mainly as a result of multi-branding efforts and effective increase in productivity.**

- **Considerable efforts on corporate social responsibility, focusing on community care and sustainable development.**

- **Recommends the payment of a final dividend of 48 HK cents and a special dividend of 25 HK cents per share, with a total dividend payout ratio of 94.9% for the full year celebrating the Group's 45th anniversary.**

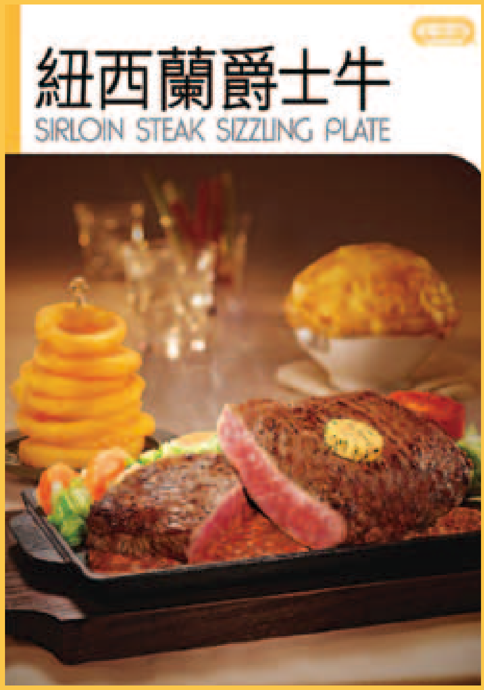







美國最牛火鍋
AMERICAN BEEF HOT POT
大家樂


河
五星級
牛坑腩湯河


紐西蘭爵士牛
SIRLOIN STEAK SIZZLING PLATE


賀
一粥麵
第30間分店


米線陣
辣玩湯命

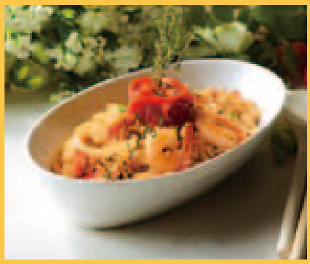

流心玉子石鍋燒
KOREAN STONE HOT POT
韓
流心玉子
大家樂


Mix the
3D healing power
Anti-toxin Flush
Ginger Fighter

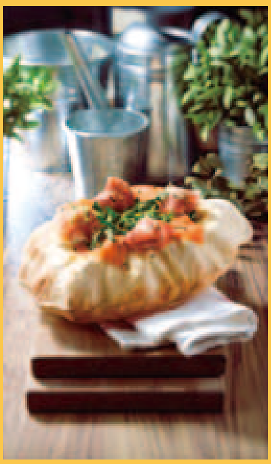

OLIVER'S SUPER SANDWICHES
SUPER


手造新鮮
意大利麵
Handmade Fresh Pasta


85°C




手造新鮮




green monday
Love Green ♥ Taste Green
愛健康・愛素食


MIX
OUR SMOOTHEE™ HAS NO...
[artificial flavourings]
[colourings]
[additives]
[ice]
[separating layers]
[extracted concentrates]

INTRODUCTION

This year is the 45th anniversary of our Group's establishment back in 1968. That is a substantial time period for players in our industry, and reflects a depth of knowledge and commitment worth celebrating. Over the past 45 years we have grown by being willing to innovate and take risks, but in the process we have also come to understand the importance of being systematic and persevering in our approach to growth. In that time, through many ups and downs in the market, we have grown from a local restaurant to a sizable catering organisation. Today, we have extensive operations in Hong Kong, the PRC and North America, supported by our own food processing plants in Guangdong and Hong Kong.

In Hong Kong, recent years have brought challenges that have tested our skills and capabilities. They have prompted us to adjust the way we operate in the city in order to effectively manage factors such as higher food prices, higher costs, and soaring rental prices, and we have seen our performance improve as a result.

The PRC market, meanwhile, is one we have been involved in for some years now, but the rapidly changing social and economic realities of today's China—which include the recent slowdown in the economy there—have meant that we have had to work patiently and explore local conditions carefully to consolidate and expand our footprint. Given our scalable business platform, developed from our careful investment in both infrastructure and brand-building, we believe this segment will increase its positive contributions to the Group in the long run.

We have also been putting considerable efforts into corporate social responsibility activities, focusing on the two areas of community care and sustainable development. Regardless of fluctuating market conditions, we have come to recognize the importance of giving back in various ways to the society that has helped us grow, and especially to those who are underprivileged in different ways. While successfully running our businesses, we have participated in initiatives such as the foodwaste recycling project and the "Green Monday" campaign to promote environmental consciousness and healthy living, as well as to strengthen our sustainability across the board.

In short, in the face of challenges in the markets where we operate, we have adopted a positive attitude and a long-term commitment. This has involved us introducing new brands, adjusting our business models in China to better reflect dining habits there, and using our food processing plants in Guangdong and Hong Kong to become more efficient in food preparation and distribution. All these have helped us minimize the impact of recent external pressures, and achieve relatively strong results for the year.

The Group recorded growth of 7% in total turnover for the year, achieving total turnover of HK$6.39 billion (2012: HK$5.96 billion). Profit attributable to shareholders was HK$545 million, up by 14% compared with last year. The Board recommends payment of a final and a special dividends of a total of 73 HK cents per share to shareholders for the year ended 31st March, 2013.

HONG KONG OPERATIONS

The Group recorded turnover of HK$5.07 billion from its Hong Kong operations, up approximately 6% as compared to HK$4.78 billion for last year. The Hong Kong segment results also grew by approximately 24% to HK$869 million, from HK$701 million for last year. In the year under review, our Hong Kong operations contributed around 79% of the Group's total turnover.

Our industry has faced a number of challenges over the year, such as increasing labour costs accompanied by a shortage of labour, and increasing rents. In response, we have continued to adjust crucial areas of our operations to stay in touch with new trends and demands in the Hong Kong market, for instance by making changes to our menu design, our location strategy, and our levels of automation in some areas, and by minimizing cost pressure by making use of our new central food processing plants. We have also explored ways of leveraging our existing strengths in the Quick Service Restaurant (QSR) sector with leading brands such as **Café de Coral**, **Super Super Congee & Noodles** and **Oliver's Super Sandwiches**. By developing and diversifying our range of QSR brands in Hong Kong, we are finding new ways of penetrating the market further and gaining even greater market share.

During the year, we actively co-operated with the Hong Kong Council of Social Service to provide jobs for disabled workers across our operations, and we also became the first restaurant chain to support the "Guide Dog Welcome" programme that is helping the blind live freer lives. In a move to support healthy eating, we have begun supporting the "Green Monday" campaign by offering vegetarian dishes in our **Café de Coral** restaurants.

Quick Service Restaurants

Café de Coral

Café de Coral is our flagship brand and remains the main contributor to our revenue and profits. Despite external pressures, and following unflagging efforts to provide our customers with consistent value-for-money meals, our **Café de Coral** sales performance in Hong Kong registered modest growth over the year. Same store sales increased by approximately 5% as compared to the amount reported for last year.

During the year we opened a further four stores in locations with stable demand and a strong customer base, bringing the number of stores in our portfolio to 151 as at 31st March, 2013. **Café de Coral** continues to lead the market in terms of quality, price and convenience. We invested over HK$32.9 million in renovating 12 outlets to boost diners' levels of comfort and perceptions of quality, introduced a number of new dishes and products to our menus, and conducted a range of marketing activities to keep customers aware of changes and enhancements at **Café de Coral**.

Some of our initiatives over the year have led to money-saving efficiencies that we plan to pass back to our customers in the form of a new range of value meals: good, healthy, low-cost standards that will underpin our higher-value offerings. We have also been increasingly involved in healthy living initiatives.

Super Super Congee & Noodles

This popular quick-service chain is the largest selling congee and noodles in the market. As at 31st March, 2013, it had 28 stores in operation, up from 27 at the same time last year. Most are situated in Link REIT shopping centres, or near the housing estates where target customers primarily live.

This segment delivered good results for the year under review. Same store sales rose by approximately 9% when compared with last year. The steady performance of **Super Super Congee & Noodles** suggests there is plenty of scope to expand this chain for greater penetration. We have therefore begun looking for new shop locations outside the traditional venues where we have opened stores in the past. Branches are also being given a new look; the first of these is at Yau Tong, and this will be followed by makeovers at other branches as they come up for lease renewal. These changes should increase customers' positive perception of **Super Super Congee & Noodles**, and expand the range of clientele.

Oliver's Super Sandwiches

Oliver's Super Sandwiches is the Group's flagship brand in the market for freshly-made sandwiches and other light Western-style dishes. Targeting higher-spending middle class customers, it is a widely known Hong Kong brand and a market leader in its niche. For the year under review, we enjoyed an increase in overall sales, largely as a result of opening new stores and increasing menu prices. After opening three new stores in the year, the total number stood at 21 as at 31st March, 2013.

Like **Super Super Congee & Noodles**, the **Oliver's Super Sandwiches** brand has significant scope for further development despite increasing competition from both local and international players. We are looking into developing new products such as seasonal dishes, and introducing vegetarian dishes to cater for the preferences of an increasingly important set of diners. Building on the brand's reputation for sandwiches and baked potatoes, we plan to expand to include other popular food categories such as casual gourmet and comfort food, and tea and dessert options.

Other Quick Service Restaurants

Given our proven success in operating quick service restaurants of various kinds in Hong Kong, we have introduced two new brands that target previously unexplored and potentially profitable niche markets. We opened four outlets of **85°C**, a Taiwanese-style bakery café, which is operated in Hong Kong under a joint venture between the Group and Gourmet Master Co. Ltd., a Taiwanese listed company. We also opened two outlets of a restaurant specializing in rice-flour noodles, **Mixian Sense**, in high-traffic shopping malls with large private housing estates nearby. Further, we have continued to develop other brands with the potential to meet clear niche demands. These include restaurants **ME.N.U.** and **Cooking MaMa 360** offering different Western cooking styles, both still at the developmental stage; the exclusive joint-venture franchise **Espressamente illy** serving the high-end coffee market; and the **MIX** chain of fast casual restaurants specializing in healthy juice offerings and light meals.

As at 31st March, 2013, this range of themed restaurants operated a total of 16 outlets in Hong Kong. Though currently operating on a relatively small scale, our presence in this range of different dining markets puts us in a strong position to develop further in the future.

Institutional Catering

Asia Pacific Catering

Our market-leading institutional catering business **Asia Pacific Catering** registered encouraging business results for the year. It successfully renewed almost all its major profitable contracts while also adding several new government, institutional and SME customers to its portfolio. In the process it expanded by opening 12 new branches. Some impact was felt from rising food prices, and in the coming year we will be looking to source quality food materials at competitive prices, and negotiating directly with clients on raw materials costs. There remains much scope for **Asia Pacific Catering** to expand its business into new segments; we will be targeting options like government canteens and private hospital canteens in the coming year.

Luncheon Star

Luncheon Star has been Hong Kong's biggest school lunch provider for the past eight consecutive years. In the year under review, it performed to expectations while also moving forward positively in terms of its healthy eating and green credentials. Indeed, two of the primary schools served by **Luncheon Star** were awarded the highest level of accreditation in the "EatSmart School Accreditation Scheme (Healthy Lunch)".

At the environmental level, **Luncheon Star** has also been active. With more and more schools now adopting a 'central portioning' approach to lunch distribution in order to reduce food waste and eliminate the use of disposable lunchboxes (the so-called "Green Lunch"), "on-site meal portioning" is now becoming the norm in school catering. **Luncheon Star** has been improving its ability to provide effective "on-site meal portioning", and will continue to enhance this in the coming year by adding on-site preparation of fresh vegetables and fruit.

Specialty Restaurants

The Spaghetti House and Spaghetti 360°

The Spaghetti House and its sister brand **Spaghetti 360°** performed satisfactorily in the year under review. Both are mid-priced full service restaurants, **The Spaghetti House** offering Western cuisine for a more mature clientele and **Spaghetti 360°** aiming at a younger and trendier market, and serving Japanese-Western fusion dishes. Both were subject to the same intensive competitive pressures faced by the wider restaurant industry in Hong Kong, especially with the emergence of many new 'concept' restaurants competing for customers. We aim to enhance the brand image and review the menu offering to keep the brand fresh and attractive to customers. The two brands between them operated 28 outlets as at 31st March, 2013.

PRC OPERATIONS

In China, austerity measures continue to be applied to cool the housing market in ways that are having a wider impact on spending; and the outbreak of H7N9 avian influenza in Eastern China is bringing new uncertainties. Overall, the PRC economy has slowed down with GDP growth weakened. Consequently, over the year we have seen a slowdown in the momentum of growth in the catering industry, accompanied by changing spending habits and tastes among China consumers. We firmly believe that the current lull is a temporary one, but that we must also remain alert and adaptable as we pass through this period of adjustment. The investments we have made over the past couple of years for future China development—including the opening of new stores and the building of our central food processing plant—will bear fruit, but in the short term the cash outlay will impact on our results. We are continuing to work very diligently to ensure we maintain a solid foundation in this market, and are ready and prepared to grasp the tremendous opportunities that exist.

In terms of our PRC business results for the year, we remain at a developing stage. Many stores are still establishing themselves and building up business; our centralized food processing plant has significant scope for ramping up utilization. Rises in rental, labour and food costs have also had an impact. We are adopting a prudent approach, and implementing a tight site-selection process for new stores.

Currently our PRC operations contribute around 18% of our overall turnover. The bulk of these are contributed by our Southern China operations, where we are doing reasonably well; our Eastern China operations remain at the developmental stage.

Quick Service Restaurants

Café de Coral

We opened 15 new **Café de Coral** stores in Southern China over the year, bringing the number of outlets to 96 there as at 31st March, 2013 in major delta cities such as Shenzhen and Guangzhou. Same store sales went up by approximately 1% by comparison with the previous year. We now have a good base and firm brand recognition across this region. To expand further, we are adjusting our operating model in various ways to suit the different preferences and eating habits of Southern China customers; for example, customers here do not need to collect their food as in Hong Kong, but have it delivered to their tables. Such small changes can make a big difference to customer acceptance of a brand, and we are continuing to look closely at ways of tailoring the **Café de Coral** experience to our Southern China customers. We are also becoming more involved with local communities; for example, during the year we worked with local authorities in Fo Shan to provide job opportunities for the mentally handicapped.

Our **Café de Coral** outlets in Eastern China numbered 13 in total as at 31st March, 2013, made up of ten in Shanghai, two in Nanjing and one in Suzhou, one more than at the same time last year. Unlike in Hong Kong and Southern China, 12 of our **Café de Coral** stores now operate in full-service mode. This was a decision made in response to local preferences. By introducing full-service mode, we soon began to see an expansion of customer-count, with especially substantial increases in those dining at **Café de Coral** in evenings and on weekends. Per head spending has also moved up significantly as a result of the change. The opening of new stores and the move to full-service has involved initial costs that will take a little while to recoup. However, once this model has been fully tested and proved to be successful, we will consider conducting a rebranding exercise throughout Eastern China to reflect our different mode of operations there.

Currently we are proceeding cautiously, with plans to open one further outlet in Hangzhou City in July 2013.

Institutional Catering

Asia Pacific Catering

Our institutional catering arm, **Asia Pacific Catering**, also operates in Mainland China on a relatively small scale, with seven units as at 31st March, 2013. Its business improved over last year; while retaining all its clients in the traditional manufacturing sector, it has also begun to operate catering units at United International College in Zhuhai, a strong position from which we should be able to explore other high value-added institutional clientele in the Pearl River Delta Region.

Specialty Restaurants

The Spaghetti House

Another successful Hong Kong brand that has been exported into Southern China, **The Spaghetti House** was introduced there to tap into the mid-priced Western restaurant market patronized by an ever-growing middle class in the region. As at 31st March, 2013, we operated eight outlets across Shenzhen, Guangzhou, Zhuhai, Foshan and Zhongshan. Performance was moderate due to a flat market and rising costs, but was helped by a range of promotional campaigns, including a VIP Membership Package sales promotion and a joint promotion with a commercial bank.

Food Processing and Distribution

Scanfoods

Scanfoods is the Group's flagship operating unit in the food processing and distribution business, providing ham and sausage products throughout Hong Kong and PRC under the Viking Boats brand. This year's result was an encouraging one, despite the pressures of labour shortages and rising costs experienced during the year. In the coming year, new efficiencies will be introduced to lift performance further; these will include replacing diesel with natural gas, and transferring production of some products to the central food processing plant in Guangzhou.

NORTH AMERICAN OPERATIONS

Manchu WOK

Our **Manchu WOK** restaurant chain in the US and Canada comprised 144 restaurants as at 31st March, 2013. North America has faced a number of economic issues over the past year that have dampened consumer spending on dining out. Further, finding suitable mall and food locations has continued to be a challenge, especially in Canada. Against that background **Manchu WOK**'s performance for the year was below expectation.

Based on the past performance and the current estimates by **Manchu WOK**, a provision of HK$48.2 million on the carrying amount of the goodwill for **Manchu WOK** has been made in the Group's financial statements for the year ended 31st March, 2013.

Having said that, the Board considers that the North American operations still maintain a solid business model and we are confident that, once the North American economies stabilize, the brand will continue to be a positive contributor.

LOGISTIC SUPPORT

Central Food Processing Plants

For a large multi-brand Group like ours, centralization of food production translates into greater efficiency, consistency, scalability, and food safety. It does however require some significant upfront investment.

We began operations at our first central food processing plant in Guangzhou Development District in May 2011, and it is now fully operational. In the year under review, we neared completion of our new Hong Kong central food processing plant in Tai Po Industrial Estate, which was eventually opened in April 2013. In the medium term, we expect both these facilities to significantly improve our competitive edge across several of our brands. By transferring many food preparation tasks from individual restaurants, the central food processing plants also reduce pressure on restaurant staff and contribute to lowering staff turnover.

Information Technology

IT enhancements to our information systems and networks over the year have led to improvements in both human resources management and food manufacturing management. For instance, we have set up an IT Backup Site at the Tai Po central food processing plant to provide for rapid business recovery in case of an unexpected disaster, and implemented a new solution to replace our existing Branch Management System. Given the importance of IT to the Group's operations, we have allocated significant resources to ongoing IT development and support over the coming year.

Human Resources and Training

As of 31st March, 2013, the Group (other than associated companies and jointly controlled entities) employed approximately 17,000 employees. Remuneration packages including those of Directors are generally structured by reference to market terms, individual qualifications, experience, duties and responsibilities. Employees shared in the Group's growth through Share Option Schemes together with profit sharing bonus and a performance incentive system.

Employees get regular training opportunities in areas such as occupational health and safety and management skills. We also run a mentorship programme, and have set up an Executive Development Programme as part of our management succession plan. The Group also provides employees and their families with an all-round set of benefits, including a medical plan, a group life insurance plan, a housing scheme, and a scholarship and education fund for children. During the year we introduced a five-day working week for staff.

FINANCIAL REVIEW

As at 31st March, 2013, the Group's financial position was strong, with net cash of close to HK$773 million and available banking facilities of HK$536 million. The Group had no external borrowing (31st March, 2012: Nil) and gearing (total borrowings over shareholders' funds) of Nil (31st March, 2012: Nil). No material changes in contingent liabilities or charges on assets have occurred since 31st March, 2013.

As at 31st March, 2013, the Company had given guarantees of approximately HK$536 million (31st March, 2012: HK$536 million) 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 American and PRC subsidiaries and jointly controlled entities are denominated in United States dollars, Canadian dollars and Renminbi respectively. While foreign currency exposure did not pose a significant risk for the Group, we will continue to be proactive and closely monitor our exposure to currency movements.

PROSPECTS

With 45 years of experience in the restaurant industry, we are in a strong position to manage the current environment. Many of the adjustments and new initiatives we have made over the past couple of years represent necessary first steps in successfully dealing with the challenges we encountered; these include our multi-branding efforts, our moves towards centralization, and the diversification of our business model for different contexts. In Hong Kong, we will step up our efforts to maintain and reinforce our leading position. In the PRC, meanwhile, we will leverage our scalable business platform in an effort to adjust to the evolving market landscape there.

Improving production efficiency is a particularly important way for us to emerge ahead of our competitors in this tight industry. We expect to make good use of the new central food processing plant in Hong Kong in this respect, moving most back-end food preparation to it from individual stores in coming months, creating economies of scale and freeing up extra space for dining.

Our motto "Everybody's Happy" embraces a goal for staff, shareholders and customers, and I would like to offer personal thanks to all three of these groups. Our staff are carrying on a proud tradition of dedication and service, for which I extend my deepest thanks. I also acknowledge the support of our millions of customers as well as our business associates over the years, who have helped establish our Group as a Hong Kong icon. To our loyal shareholders, my thanks go out for your ongoing support in all weathers. Without you all, we could never have achieved the international standing and reputation that we enjoy today.

Lo Hoi Kwong, Sunny
Chief Executive Officer

Hong Kong, 25th June, 2013

CHAIRMAN

Mr. Chan Yue Kwong, Michael, aged 61, 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 23 years as Managing Director of the Group from 1989 to 1997 and as the Executive Chairman from 1997 to 2012. Mr. Chan serves as the Chairman of the Board in the capacity of a Non-executive Director since April 2012. 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.

Mr. Chan 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 the HKSAR Government as Member of the Hong Kong Tourism Board and Member of the Business Facilitation Advisory Committee of 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.

Mr. Chan is currently an independent non-executive director of Starlite Holdings Limited, Kingboard Laminates Holdings Limited, Pacific Textiles Holdings Limited and Tse Sui Luen Jewellery (International) Limited and a non-executive director of Tao Heung Holdings Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Chan is 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 57, is the Chief Executive Officer of the Group and a member of the Nomination Committee. 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 1st April, 2012. He holds a Master's Degree in Chemical Engineering from Stanford University. Mr. Lo is the brother of Ms. Lo Pik Ling, Anita, a Director 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 DIRECTORS

Ms. Lo Pik Ling, Anita, aged 60, 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's Degree in Social Sciences from the University of Hong Kong. She is the sister of Mr. Lo Hoi Kwong, Sunny, a Director 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 51, is an Executive Director and the General Manager of Business Development of the Group. He joined the Company in 1996 and has been an Executive Director of the Company since 1998. He is responsible for the operation of 85°C in Hong Kong. He holds a Bachelor's Degree in Electronic Engineering & Physics from the Loughborough University of Technology, a Master's Degree in Medical Physics from the University of Surrey, a Doctorate's 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. 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 DIRECTORS

Mr. Lo Ming Shing, Ian, aged 39, was appointed as a Non-executive Director of the Company in April 2010 and a member of the 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, specialist 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. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter, all of whom are Directors of the Company.

Mr. Hui Tung Wah, Samuel, aged 59, 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's Degree in Social Sciences from the University of Hong Kong and a Master's Degree in Business Administration from the Brunel University in the United Kingdom.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Ngai Min, Michael, J.P., aged 55, was appointed as an Independent Non-executive Director of the Company in 1994 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. He is the Chairman of Land Power International Holdings Limited. Mr. Choi has been in the real estate industry for over 32 years with extensive knowledge and experience in the real estate markets in Hong Kong and Mainland China. Currently, he is a member of the Long Term Housing Strategy Steering Committee, a member of the Hong Kong Housing Authority, the 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 63, was appointed as an Independent Non-executive Director of the Company in 1994 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. He is Chairman of MCL Partners Limited, a Hong Kong-based 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 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. The shares of all these companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Li is also a non-independent non-executive director of AFFIN Bank Berhad. 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 DIRECTORS *(Continued)*

Mr. Kwok Lam Kwong, Larry, B.B.S., J.P., aged 57, was appointed as an Independent Non-executive Director of the Company in July 2004 and is a member of the 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 Transport Advisory Committee, Chairman of the Traffic Accident Victims Assistance Advisory Committee, a member of the Hospital Governing Committee of Prince of Wales Hospital, the Hong Kong Tourism Board, Land and Development Advisory Committee, Mandatory Provident Fund Schemes Advisory Committee and Mainland Opportunities Committee of the Financial Services Development Council.

Mr. Au Siu Cheung, Albert, aged 62, was appointed as an Independent Non-executive Director and a member of the Audit Committee on 11th January, 2013 and as the Chairman of the Audit Committee on 20th February, 2013. Mr. Au is the Chairman of BDO Limited, the Hong Kong member firm of BDO International Limited. He has more than 30 years of experience in the accountancy profession. He was the President of the Council of the Hong Kong Institute of Certified Public Accountants from December 2007 to December 2008. He is a Fellow of the Hong Kong Institute of Certified Public Accountants (Practising) and a member of the Canadian Institute of Chartered Accountants and the Society of Chinese Accountants and Auditors. Mr. Au is currently the Chairman of the Corruption Prevention Advisory Committee and member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He is also a member of the Air Transport Licensing Authority in Hong Kong, General Committee of the Federation of Hong Kong Industries, Hong Kong Housing Authority, and Hong Kong Productivity Council (the "HKPC"). He is the Chairman of the Audit Committee of the HKPC. He also serves as an independent non-executive director of the Hongkong International Theme Parks Limited, Vice Chairman of the Hong Kong Coalition of Professional Services Limited and a director of the Joint Professional Centre Limited.

SENIOR MANAGEMENT

Ms. Lau Lee Fong, Rosa, aged 58, joined the Group in 1979 and is currently the Senior General Manager – Specialty Restaurants of the Group. She is responsible for the development and management of the chain of The Spaghetti House Restaurants, Spaghetti 360° and its series, Oliver's Super Sandwiches, and the MIX business in Hong Kong, Macau and the PRC. She holds a Master's Degree in Business Administration from the University of East Asia, Macau and a Master of Science Degree 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 58, 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 Degree from the City University of Macau.

Mr. Chen Siu Min, Kelvin, aged 62, joined the Group in 2004 and is currently the President and Chief Executive Officer of Manchu WOK. He is responsible for the development and management of the quick service restaurant chain in North America. He holds a Bachelor's Degree in Accounting and a Master's 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 49, 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 and legal, human resources and information technology departments. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The board of directors of the Company (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.

Throughout the year ended 31st March, 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "Code") under Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following, which have also been complied with during the year or as of the date of this report:

Code provision A.6.6

Code provision A.6.6 of the Code requires each director of the Company ("Director(s)") to disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. During the year, the Board has adopted a disclosure form for each Director to complete in order to comply with this code provision.

Code provision C.3.7

Code provision C.3.7 of the Code stipulates that the Audit Committee of the Company should review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. Such duties have been added to the terms of reference of the Audit Committee of the Company. Relevant procedures have been adopted and included in the employee handbook of the Group with effect from December 2012.

Code provision D.3.1

Code provisions D.3.1 (c) and (d) of the Code require the Board (i) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and (ii) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors. With the Board's approval, the terms of reference of the Audit Committee of the Company have been amended to include such duties. The code of conduct applicable to the employees has been included in the employee handbook of the Group during the year. The policies and practices on compliance with legal and regulatory requirements were streamlined and adopted by management and reviewed by the Audit Committee in June 2013.

Code provision E.1.4

Code provision E.1.4 of the Code requires that the Board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. A shareholders' communication policy was adopted by the Board in August 2012.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Directors have confirmed that they had complied with the required standard set out in the Model Code during the year ended 31st March, 2013.

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 ten members, including three Executive Directors, three 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 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. Au Siu Cheung, Albert*

* *Mr. Au Siu Cheung, Albert was appointed as Independent Non-executive Director on 11th January, 2013.*

Biographies, including relationships among members of the Board are set out in the "Biography of Directors and Senior Management" section on pages 18 to 22 of this annual report. All Directors are aware of their collective and individual responsibilities to the shareholders and have exercised their duties of 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 in respect of legal action against its Directors and some senior management.

DIRECTORS' COMMITMENT, INDUCTION AND DEVELOPMENT

The Directors have disclosed to the Company regularly the number and nature of offices held in Hong Kong or overseas public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. The Directors are also reminded to notify the Company Secretary in a timely manner and confirm to the Company Secretary half-yearly any change of such information.

Every newly appointed director receives a comprehensive induction package on appointment to ensure that he has a proper understanding of the operations, business and governance policies of the Group. In addition, the new director will meet with our external legal adviser to ensure that he is fully aware of the responsibilities as a director under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements. The senior management and the Company Secretary will conduct 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 Directors' discharge of their responsibilities.

The Board acknowledges participation in continuous professional development is critical for its members to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant. During the year, Directors received updates and presentations on developments to the Group's business and changes to the statutory and regulatory requirements with appropriate emphasis on their roles, functions and duties. All Directors are required to provide the Company with their training record on a half-yearly basis. The following is a summary of Directors' training organised by the Company and other forms of training participated by the Directors during the year:

Directors	**Training areas** [(1)]
Executive Directors	
Mr. Lo Hoi Kwong, Sunny *(Chief Executive Officer)*	a, b
Ms. Lo Pik Ling, Anita	a, b
Mr. Lo Tak Shing, Peter	a, b
Non-executive Directors	
Mr. Chan Yue Kwong, Michael *(Chairman)*	a, b, c, d
Mr. Lo Tang Seong, Victor[(3)]	Nil
Mr. Lo Ming Shing, Ian	a, b, c, d
Mr. Hui Tung Wah, Samuel[(2)]	a, b
Independent Non-executive Directors	
Mr. Choi Ngai Min, Michael	a, b
Mr. Li Kwok Sing, Aubrey[(2)]	a, b, c, d
Mr. Kwok Lam Kwong, Larry[(2)]	a, b, c, d
Mr. Look Guy[(3)]	a
Mr. Au Siu Cheung, Albert[(4)]	e

Notes:

(1) Training relating to (a) corporate governance; (b) law; (c) accounting/finance; (d) risk management; and (e) induction training.

(2) Mr. Hui Tung Wah, Samuel, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry also attended Company site visit to retail outlets and production facilities in South China.

(3) Mr. Lo Tang Seong, Victor and Mr. Look Guy retired at the annual general meeting held on 11th September, 2012.

(4) Mr. Au Siu Cheung, Albert was appointed as Independent Non-executive Director on 11th January, 2013.

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 14 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.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular Board meetings and Board Committee meetings, an agenda of the meeting and the accompanying papers are sent in full to Directors at least three days before the intended date of the meeting. Meeting 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.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board meetings (BM), Audit Committee meetings (ACM), Remuneration Committee meetings (RCM), Nomination Committee meetings (NCM) and annual general meeting (AGM) held during the year ended 31st March, 2013 are set out below:

	Number of meetings attended/held during the year ended 31st March, 2013				
	BM	**ACM**	**RCM**	**NCM**	**AGM**
Executive Directors					
Mr. Lo Hoi Kwong, Sunny *(Chief Executive Officer)*	5/5	N/A	N/A	3/3	1/1
Ms. Lo Pik Ling, Anita	5/5	N/A	N/A	N/A	1/1
Mr. Lo Tak Shing, Peter[(a)]	5/5	N/A	N/A	2/2	1/1
Non-executive Directors					
Mr. Chan Yue Kwong, Michael *(Chairman)*	5/5	N/A	N/A	N/A	1/1
Mr. Lo Tang Seong, Victor[(b)]	3/3	N/A	N/A	N/A	1/1
Mr. Lo Ming Shing, Ian	5/5	N/A	N/A	3/3	1/1
Mr. Hui Tung Wah, Samuel	5/5	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Choi Ngai Min, Michael	5/5	3/3	2/2	3/3	1/1
Mr. Li Kwok Sing, Aubrey	4/5	3/3	2/2	3/3	1/1
Mr. Kwok Lam Kwong, Larry	5/5	2/3	2/2	3/3	0/1
Mr. Look Guy[(b)]	3/3	2/2	N/A	1/2	1/1
Mr. Au Siu Cheung, Albert[(c)]	1/1	N/A	N/A	N/A	N/A

(a) Mr. Lo Tak Shing, Peter resigned as a member of the Nomination Committee on 11th September, 2012.

(b) Mr. Lo Tang Seong, Victor and Mr. Look Guy retired at the annual general meeting held on 11th September, 2012.

(c) Mr. Au Siu Cheung, Albert was appointed as Independent Non-executive Director on 11th January, 2013.

DELEGATION BY THE BOARD

In April 2013, the Board adopted a Board Charter which sets out the duties and powers of the Board and describes the roles of the Board and the Chief Executive Officer and their respective relationships with the management.

The Board is vested with accountability to shareholders for the management of the Group in addition to those powers and authorities expressly conferred upon it by the Company's Bye-laws (the "Bye-laws") duly approved and adopted by the shareholders of the Company from time to time.

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 Board has delegated to the Chief Executive Officer the authority to manage the day-to-day affairs of the Group. The Chief Executive Officer, at his discretion, can exercise this authority with the assistance of any divisions, departments, categories of officers, or individual officers, inter alia, a senior management team under his leadership. He is accountable to the Board for all authority delegated to him.

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 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are held by Mr. Chan Yue Kwong, Michael and Mr. Lo Hoi Kwong, Sunny respectively. 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.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In compliance with the requirement under Code Provision A.4.2, the 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 Bye-laws.

BOARD COMMITTEES

The Board has established certain Board committees with specific written terms of reference which deals 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 the 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.

The Nomination Committee is composed of five members with majority members being the Independent Non-executive Directors ("INEDs") and is currently chaired by Mr. Li Kwok Sing, Aubrey with Mr. Choi Ngai Min, Michael, Mr. Kwok Lam Kwong, Larry, Mr. Lo Hoi Kwong, Sunny and Mr. Lo Ming Shing, Ian as its members.

Three meetings of the Nomination Committee were held during the year ended 31st March, 2013 (with individual members' attendance as set out under the section headed "Number of Meetings and Directors' Attendance" above) to review the structure, size and composition of the Board, to assess the independence of the INEDs, to discuss the Board evaluation, to consider and recommend to the Board on (i) the re-election of Mr. Chan Yue Kwong, Michael and Mr. Hui Tung Wah, Samuel as Directors of the Company for shareholders' approval at the last annual general meeting held on 11th September, 2012; (ii) the desirability of appointing new director(s) after the retirement of Mr. Lo Tang Seong, Victor and Mr. Look Guy at the last annual general meeting; and (iii) the appointment of Mr. Au Siu Cheung, Albert as Independent Non-executive Director of the Company.

The Board has adopted the revised terms of reference for the Nomination Committee during the year to reflect change in its members. The revised terms of reference is available on both the websites of the Company and the Stock Exchange.

REMUNERATION COMMITTEE

The Company has established the 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 the specific remuneration packages of all Executive Directors and senior management of the Company.

The Remuneration Committee currently comprises three Independent Non-executive Directors of the Company, namely 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 year ended 31st March, 2013, two meetings of the Remuneration Committee were held to consider and make recommendations to the Board the remuneration packages and, where applicable, service contracts of the Executive Directors and senior management, and the individual Directors' fees and their payment schedule, all effective from 1st April, 2013.

The Board has adopted the revised terms of reference of the Remuneration Committee during the year to reflect change in its members. The revised terms of reference is available on both the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

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

The Audit Committee comprises the four Independent Non-executive Directors of the Company, namely Mr. Au Siu Cheung, Albert, Mr. Kwok Lam Kwong, Larry, Mr. Choi Ngai Min, Michael and Mr. Li Kwok Sing, Aubrey. Mr. Kwok Lam Kwong, Larry was appointed as Chairman of the Audit Committee following the cessation of Mr. Look Guy as Chairman of the Audit Committee on 11th September, 2012. On 20th February, 2013, Mr. Au Siu Cheung, Albert was appointed in place of Mr. Kwok Lam Kwong, Larry as Chairman of the Audit Committee.

During the year ended 31st March, 2013, three meetings of the Audit Committee were held. The following is a summary of the works performed by the Audit Committee during the year ended 31st March, 2013:

1. review of the Group's annual and interim financial statements and the related results announcements and documents and other matters or issues raised by the external auditor;

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

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

4. review of the audit plans, internal control plans, 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 continuing connected transactions;

7. approval of the 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 directors and officers liability insurance; and

10. consideration of revised terms of reference.

The terms of reference of the Audit Committee has been revised on 11th September, 2012, 11th January, 2013 and 20th February, 2013 to reflect changes in its duties and its members and Chairman. The revised terms of reference of the Audit Committee is available on both the websites of the Company and the Stock Exchange.

EXTERNAL AUDITOR AND FINANCIAL REPORTING

The management has provided such explanation and information to the Board to 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 its responsibilities to present a balanced, clear and understandable assessment extends to annual and interim reports, other inside information and 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 auditor about their reporting responsibilities is included in the Independent Auditor's Report on pages 65 to 66 of this annual report.

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

Type of services	**Fee paid/payable** *HK$'000*
Audit services	4,078
Non-audit services*	890
Total	4,968

* *The non-audit services include mainly advisory services on corporate governance and taxation.*

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, through the Audit Committee, 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, 2013.

Management recognizes the benefits from the internal control review conducted. With assistance from the external consultant – Deloitte Touche Tohmatsu under a co-sourcing arrangement, Internal Audit Department and the 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 the 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 organisational 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 leaded 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 is developed based on the result of risk assessment. The work plan is reviewed and approved by management and the Audit Committee. During the year, the Internal Audit Department and the 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, the PRC and North America confirmed the effectiveness of the internal controls system during the year. Results of internal control reviews were reported to 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 management and the Audit Committee on a regular basis.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is fully aware of its obligations under the new Part XIVA of the Securities and Futures Ordinance, effective from 1st January, 2013 and the Listing Rules. During the year, a Disclosure Policy has been adopted by the Board which sets out guidelines and procedures to the Directors and officers of the Group to ensure inside information of the Group is to be disseminated to the public in an equal and timely manner.

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 11th September, 2012, 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 ("AGM"), 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.

The procedures for shareholders to convene a special general meeting, put forward proposals at shareholders' meetings and propose a person for election as a director of the Company are available on the website of the Company.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary of the Company at the Company's head office at 10th Floor, Café de Coral Centre, 5 Wo Shui Street, Fo Tan, Shatin, New Territories, Hong Kong. Shareholders can also make enquiries to the Board directly at the general meetings.

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 conferences and roadshows during the year to maintain the mutual communication 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.

Major Investor Relations Activities

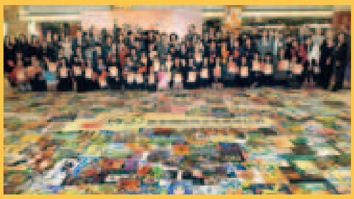
Event	Organiser	Location
Roadshow	Mirae Asset	Hong Kong
China/Hong Kong Consumer Day	Credit Suisse	Hong Kong
Corporate Day	Nomura	Hong Kong
Roadshow	BNP Paribas	Hong Kong
China & Hong Kong Consumer Access Day	CLSA	Hong Kong
China Consumption Conference	HSBC	Hong Kong
Corporate Day	Macquarie	Hong Kong
Annual Asia Corporate Access Summit	Jefferies	Hong Kong
Hong Kong & China Access Day	Mirae Asset	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 eight financial investment companies conducted research coverage for the Company. Details of research contact can be obtained at the Company's website.

New Updates

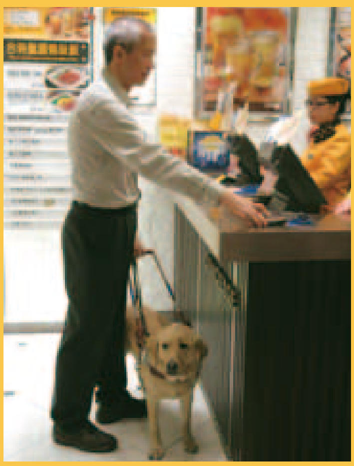
The Company has updated the corporate information and financial calendar that are of interest to shareholders on pages 2 to 3 of this annual report. In addition, the recent number of operating units of the Group are available at the Company's website.


2013
FINISH
POINT




GO GREEN MONDAY
4.22 全城 無綠不歡


2013 公平貿易雙週 Fair Trade Fortnight
FAIR TRADE HONG KONG
OXFAM




社區招聘日

As a leader in Hong Kong's mass-market fast-food and catering industry, Café de Coral Group has earned an excellent reputation for good corporate citizenship stretching back 45 years. Our ultimate goal remains a Corporate Social Responsibility ("CSR") platform that benefits the communities which sustain our business, starting with the health, safety and wellbeing of our staff.

Externally, while "CSR for a Cause" remains one of our key policies, we have been focusing our efforts in this area in two specific directions since 2012 – "Sustainable Development" and "Community Care".

The guiding principle behind our planning of CSR initiatives lies in making them an organic part of our daily operations by blending them seamlessly into all we do on a daily basis. We believe that only by following such a route can CSR become truly sustainable and make a meaningful difference. With a large network of over 300 outlets across Hong Kong servicing over 2,500,000 diners weekly plus over 100 further outlets in Mainland China, we remain committed to doing all we can for worthy causes.

HEALTH & SAFETY

The year under review saw us continue to make the health and safety of our staff our top priority. To this end, various occupational safety trainings were provided to employees across different areas of our operations. Formed in the 1990s, the Group's Health and Safety Committee ("HSC") continued to oversee key health and safety issues by issuing policies relating to the Factories and Industrial Undertakings Ordinance and Occupational Safety and Health Ordinance for all business units to follow. The HSC also held regular meetings and carried out careful checks of all essential safety and health measures in place at plants, branches and our corporate headquarters. Feedback from these inspections and recommendations was regularly shared with our senior management.

To ensure compliance with the Factories and Industrial Undertakings (Safety Management) Regulation, we have implemented a comprehensive safety management system for our central food processing plant and corporate headquarters. An external safety auditor has also been recruited to audit, evaluate and improve all health and safety measures continuously since 2002. Work station ergonomic assessment has also been implemented to prevent the possible occurrence and spread of work-related illnesses.

Various health and safety promotions have also been implemented at various branches. Specific examples include the regular updating of the Occupational Safety & Health Handbooks which are distributed to all new staff. Informative health and safety posters and labels have also been posted in prominent locations in kitchens and restrooms at all Group premises.

In addition to health and safety training, staff were also provided with other useful technical and management skills training. The ultimate aim is to ensure our people are well equipped with essential knowledge at all times. The Executive Development Programme has also helped Group executives progress and excel in their career development.

Gratifyingly, our efforts in the above areas have been recognised several times in the last year. In addition to a Catering Industry Safety Award for 2012/2013 from the Labour Department, these recognitions included a Manpower Developer 1st Award from the Employee Retraining Board.

WORK-LIFE BALANCE

We are enthusiastic advocates of human resources that emphasize the benefits of a happy workplace and a strong "Work-life Balance" for staff.

During the year under review, we introduced the five-day week arrangement with support from our staff. Over the past 20 or so years, we have also pioneered many other family-friendly policies including paternity leave. As always, our primary objective is to ensure that all staff are able to better integrate the demands of their professional, personal and family lives. Recent years have also seen us introduce a creative and well-received work-life balance scheme offering attractive gifts for team members required to work overtime.

Our staff and their loved ones are also encouraged to participate in regular social and recreational activities organised by the Group throughout the year. We also provide employees and their families with comprehensive all-round benefits including medical and insurance plans and the T. S. LO Education Fund. Since its establishment, the Fund has granted over HK$7 million to more than 400 recipients.

SUSTAINABLE DEVELOPMENT

"Green Monday" Campaign

- In April 2012, we joined the territorywide "Green Monday" campaign as a founding partner. A month later, each **Café de Coral** outlet in Hong Kong launched a Monday to Wednesday "Green Monday" lunch menu. Designed to promote healthier "green" eating habits this was a ground-breaking development for the local fast food industry.

- Initiated by Social Ventures Hong Kong to promote the benefits of a "greener" lifestyle, "Green Monday" is designed to make it easier for people to take "Baby Steps and Go Green". To this end, people are encouraged to reduce their carbon footprint and improve their health by going without meat every Monday. We joined the programme as a founding partner at its very outset because it matched our CSR policy by emphasising the benefits of turning "Going Green" for all.

- Gratifyingly, our efforts have attracted the support and approval of not only individual diners but also society at large. Within a year of **Café de Coral**'s launch of the campaign, seven other leading brands in the Group joined the initiative. In addition to **The Spaghetti House** and **Oliver's Super Sandwiches**, the newly signed up brands included **Spaghetti 360°**, **MIX**, **Asia Pacific Catering** and **Super Super Congee & Noodles** (both at University of Hong Kong) and **Luncheon Star**. "Green Monday's" organisers estimate that the Group's collective efforts will ultimately help reduce Hong Kong's annual carbon emissions by about 2,000 tons. This is the equivalent to the carbon intake generated by planting 90,000 trees.

Leftovers & Food Waste

- The year under review also saw **Luncheon Star** and **85°C** begin co-operating with local non-governmental organisation (NGO) Food Angel, by donating unused lunch boxes and bread for their teams to share with the needy every day.

- Used cooking oil from most of our restaurant brands is now also being collected by licensed vendors and recycled into bio-diesel and other eco-friendly non-food products.

- 2012 also saw us join forces with the Environmental Protection Department, Greeners Action, Hong Kong International Airport and various hospitals and shopping malls to collect and recycle food waste.

- Five of our brands have also been active in sponsoring and participating in Greeners Action's "No Leftovers" Campaign.

COMMUNITY CARE

"Guide Dogs Welcome" Campaign

- In October last year, some 13 of our restaurant brands announced a new "Guide Dogs Welcome" policy. The decision followed the launch of the "4 Users 4 Dogs" Guide Dog Pilot Project by the Hong Kong Guide Dogs Association, Ebenezer School & Home for the Visually Impaired and the Hong Kong Society for the Blind. In enthusiastically advocating this pilot project, it is our fervent hope that guide dog services will be able to experience far better development across Hong Kong and that visually impaired people can enjoy a much safer quality of life.

- To make sure these goals happen, management organised training sessions, guidelines and 24/7 emergency support for frontline staff. Stickers announcing "Guide Dogs Welcome" are now prominently displayed at the entrance of all participating restaurants. This initiative was very well received by not only the blind, but also fully-sighted members of the local populace.

Recruitment of the Physically and Mentally Challenged

- The Group has been actively employing and training physically and mentally challenged individuals since 1995. Today our various business units employ around 200 such employees, all of whom enjoy full staff salaries and benefits.

- In early 2013, the Group teamed up with The Hong Kong Council of Social Service ("HKCSS") and its some 20 member organisations in hosting a large-scale recruitment day offering 200 vacancies for the physically- and mentally-challenged. Our long-term goal is to increase the employment ratio among this group from 2% to 5%.

Healthy Diet

- **Café de Coral** and **Asia Pacific Catering** signed up for the Department of Health's "EatSmart@restaurant.hk" Campaign. Outlets of the two brands are now offering "More Fruit and Vegetables" and "3 Less" dishes on a regular basis.

- **Luncheon Star** became the first caterer in Hong Kong to offer healthy lunches to students in the form of nutritionist-designed menus with dishes offering more high fibre and less oil, salt and sugar. To minimise the risk of obesity, different portions of lunch were prepared according to students' age bands.

Meals for the Needy

Luncheon Star and **85°C** have been donating unused lunch boxes and bread to the underprivileged on a daily basis.

Donation to and Fundraising for Charitable Organisations

- Last year also saw the Group make regular monthly donations of cash coupons to St James' Settlement, Hong Kong Family Welfare Society, and Lok Kwan Social Service. We also donated funds to the HKCSS and the Hong Kong Guide Dogs Association, etc.

- The year under review also saw us place donation boxes at **Café de Coral** branches for Fu Hong Society and the Hong Kong Guide Dogs Association.

- Our management and staff participated in fundraising walkathons organised by Fu Hong Society and the Community Chest.

Sponsorship of Deserving Causes

The last year has seen the Group sponsor the following non-profit organisations and programmes:

- Social Ventures Hong Kong: "Green Monday" campaign
- Ebenezer School & Home for the Visually Impaired
- Retina Hong Kong
- Greeners Action
- International Children Painting Competition in Hong Kong 2012/13
- Life Education Activity Programme
- The Chinese University of Hong Kong: I.CARE Programme Social Service Day
- Hong Kong Elite Athletes Association
- Hong Kong Journalists Association

Priority Seats

In the last year, priority seats have been provided for the physically challenged in about 100 **Café de Coral** branches. Various of our restaurant brands also continued to provide meal deliveries for customers with special needs.

Public Good Video Broadcast

In the year under review, **Café de Coral** branches provided free broadcast of public service videos for the following organisations:

- The Boys' & Girls' Clubs Association of Hong Kong
- The Hong Kong Society for the Aged
- HKCSS
- Caritas Hong Kong
- Suicide Prevention Services
- Hong Kong Red Cross
- Concert in the Dark
- Lord Wilson Heritage Trust
- Baptist Oi Kwan Social Service
- Youth Outreach
- Jockey Club Centre for Positive Ageing
- Wai Ji Christian Service
- Hong Kong Federation of Youth Groups
- Hong Kong Young Women's Christian Association
- Radio Television Hong Kong
- Hong Kong Arts Development Council
- Hong Kong Tourism Board
- Leisure and Cultural Services Department
- Hong Kong Dance Company
- Hong Kong Youth Drama Ambassador Scheme
- Independent Commission Against Corruption
- Hong Kong Police Force

RECOGNITION: MAJOR AWARDS 2012/13

While trying to do good for others should never be about awards, we are honoured to have received appreciation from every level of society:

Award	Organisation
Caring Company 2012 (Café de Coral)	The Hong Kong Council of Social Service
Caring Company 2012 (Super Super Congee & Noodles)	The Hong Kong Council of Social Service
Caring Company 2012 (85°C)	The Hong Kong Council of Social Service
Caring Company 2011/2012 (Group)	The Hong Kong Council of Social Service
Caring Company 2011/2012 (Luncheon Star)	The Hong Kong Council of Social Service
Caring Company 2011/2012 (Spaghetti House)	The Hong Kong Council of Social Service
Caring Company 2011/2012 (Oliver's Super Sandwiches)	The Hong Kong Council of Social Service
Caring Company 2011/2012 (MIX)	The Hong Kong Council of Social Service
Sing Tao Excellent Services Brand 2012 – Fast Food Chain (Café de Coral)	Sing Tao Daily
2012 HKACE Customer Service Excellence Award – Grand Award (Silver) (Café de Coral)	Hong Kong Association for Customer Service Excellence
Quality Tourism Services Scheme – Accredited Restaurant (Spaghetti 360°)	Hong Kong Tourism Board
Quality Tourism Services Scheme – Accredited Restaurant (Cooking MaMa 360)	Hong Kong Tourism Board
2012 Service & Courtesy Award – Supervisory Level of Fast Food Category (Individual Award) (Café de Coral)	Hong Kong Retail Management Association
2012 Service & Courtesy Award – The Best Team Performance Award (Silver Award) (Café de Coral)	Hong Kong Retail Management Association

Award	Organisation
Catering Industry Safety Award 2012/2013	Labour Department
HKQAA-HSBC CSR Advocate Mark	Hong Kong Quality Assurance Agency
Prestigious Corporate Brand Awards 2012	Ming Pao
Mystery Shoppers Programme: Category Leader – Fast Food/Restaurant Category (Spaghetti House)	Hong Kong Retail Management Association
CAPITAL Outstanding Green Excellence Awards	Capital Magazine
The Most Popular Hong Kong and Macau Brands	CMN
Quality Life Awards	Lisa Magazine
2012 Hong Kong Awards for Industries – Customer Service Certificate of Merit	Hong Kong Retail Management Association
Eco Brand Award	East Week
The First Competition of Good Food Waste Reduction Eatery – Second Runner Up (Oliver's Super Sandwiches)	Greeners Action
Most Popular QTS Merchant Award Online Voting	Quality Tourism Services Association
Top Service Awards (Fast Food Chain) and Best Staff Award (Gold)	Next Magazine
U Favorite Food Awards 2012 (Café de Coral)	U Magazine
Best-ever Dining Awards 2012 (Super Super Congee & Noodles)	Weekend Weekly
Manpower Developer 1st Award	Employee Retraining Board

The directors of Café de Coral Holdings Limited (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, 2013.

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 124 to 130 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 70 of this annual report.

The details of dividends for the year ended 31st March, 2013 are set out in *Note 30* to the consolidated financial statements. An interim dividend of 17 HK cents per share, totaling approximately HK$97,414,000 was paid on 28th December, 2012. The Directors recommend the payment of a final dividend and a special dividend of a total of 73 HK cents per share, totaling approximately HK$419,790,000.

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, 2013 amounted to approximately HK$686,107,000.

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 171 of this annual report.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$459,000.

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 FINANCIAL 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 172 to 174 of this annual report.

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

During the year ended 31st March, 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

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, 2013. 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 "1991 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 1991 Scheme was terminated upon the passing of a shareholders' resolution for adoption of another share option scheme on 19th September, 2000 (the "2000 Scheme"). Since then, no options can be granted under the 1991 Scheme. There were no outstanding options granted under the 1991 Scheme as at the date of this report. No options had been granted under the 2000 Scheme since its adoption.

On 24th September, 2003, the 2000 Scheme was terminated upon the passing of a shareholders' resolution for adoption of a share option scheme (the "2003 Scheme"). Pursuant to the 2003 Scheme, the Company may grant options to the eligible participants 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 2003 Scheme.

SHARE OPTION SCHEMES *(Continued)*

Summary of details of the 2003 Scheme is as follows:

Purpose	To grant incentives for retaining and rewarding eligible participants for their contributions 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 provide research, development or other technical support to the Group
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of this annual report	28,622,403 ordinary shares representing 4.98% of the issued share capital as at 25th June, 2013
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	Unless otherwise specified in the offer document, a period of five years commencing on the date on which an option becomes exercisable and expiring on the last day of the five-year period save that such period shall not expire later than ten years from the date on which the option is deemed to be granted and accepted in accordance with the 2003 Scheme
Minimum period for which an option must be held before it can be exercised	Unless otherwise specified in the offer document, there is no general requirement that an option must be held for any minimum period before it can be exercised
Amount payable on acceptance of the option	HK$1.00

SHARE OPTION SCHEMES *(Continued)*

Basis of determining the exercise price	Not less than the highest of (i) the closing price of the Company's shares as stated in The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Company's share
The remaining life of the scheme	The 2003 Scheme remains in force until 23rd September, 2013 unless otherwise terminated under the terms of the 2003 Scheme

A new share option scheme was adopted by the Company upon the passing of a shareholders' resolution on 11th September, 2012 (the "2012 Scheme"). Pursuant to the 2012 Scheme, the Board may grant options to the eligible participants to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. No share options had been granted under the 2012 Scheme since its adoption.

Summary of details of the 2012 Scheme is as follows:

Purpose	To grant incentives for retaining and rewarding eligible participants for their contributions to the business and development of the Group
Participants	Employees, 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 provide research, development or other technical support to the Group
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of this annual report	57,182,403 ordinary shares representing 9.94% of the issued share capital as at 25th June, 2013
Maximum entitlement of each participant	In any 12-month period shall not exceed 1% of the shares in issue

SHARE OPTION SCHEMES *(Continued)*

Period within which the securities must be taken up under an option	Such period shall be determined by the Board and specified in the letter to the grantee, which may be varied by the Board in accordance with the terms of the 2012 Scheme, provided that it shall not under any circumstances exceed ten years from the date of grant of the relevant option
Minimum period for which an option must be held before it can be exercised	The Board may, in its discretion, determine the time or period when the right to exercise the option in respect of all or some of the shares the subject of the option will vest
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 Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Company's share
The remaining life of the scheme	The 2012 Scheme remains in force until 10th September, 2022 unless otherwise terminated under the terms of the 2012 Scheme

SHARE OPTION SCHEMES *(Continued)*

Outstanding Options Granted Under the 1991 Scheme and the 2003 Scheme

Details of the share options granted under the 1991 Scheme and the 2003 Scheme and movements in such holdings during the year ended 31st March, 2013 were as follows:

				Number of options			
Grantees	Date of grant	Exercise price per option *HK$*	Exercise period	Outstanding at 1st April, 2012	Exercised during the year	Lapsed during the year	Outstanding at 31st March, 2013
Director & Substantial Shareholder							
Mr. Lo Tak Shing, Peter	2/10/2007 [(c)&(j)]	14.748	30/3/2009–1/10/2017	200,000	(140,000)	–	60,000
Directors							
Mr. Chan Yue Kwong, Michael	2/10/2007[(c)&(h)]	14.268	30/3/2008–29/3/2017	1,480,000	(140,000)	–	1,340,000
Mr. Lo Hoi Kwong, Sunny	1/11/2005[(c)&(g)]	8.800	1/1/2007–31/10/2015	1,600,000	(400,000)	–	1,200,000
	2/10/2007[(c)&(h)]	14.268	30/3/2008–29/3/2017	1,500,000	(150,000)	–	1,350,000
Ms. Lo Pik Ling, Anita	2/10/2007[(c)&(h)]	14.268	30/3/2008–29/3/2017	450,000	(45,000)	–	405,000
Continuous contract employees	4/11/1999[(b)&(d)]	2.950	1/4/2004–31/3/2013	30,000	(30,000)	–	–
	1/11/2005[(c)&(e)]	8.750	1/1/2007–31/10/2015	991,000	(347,000)	–	644,000
	1/11/2005[(c)&(f)]	8.750	1/1/2008–31/10/2015	363,000	(93,000)	–	270,000
	2/10/2007[(c)&(i)]	14.748	30/3/2008–29/3/2017	6,370,000	(2,727,000)	(90,000)	3,553,000
	2/10/2007[(c)&(j)]	14.748	30/3/2009–1/10/2017	1,172,000	(336,000)	(124,000)	712,000
	28/10/2010[(c)&(k)]	22.370	31/3/2011–30/3/2020	2,340,000	(70,000)	(160,000)	2,110,000
	28/10/2010[(c)&(l)]	22.370	31/3/2012–27/10/2020	980,000	(32,000)	(144,000)	804,000
				17,476,000	(4,510,000)	(518,000)	12,448,000

SHARE OPTION SCHEMES *(Continued)*

Outstanding Options Granted Under the 1991 Scheme and the 2003 Scheme *(Continued)*

Notes:

(a) Number of options refers to the number of underlying shares of the Company covered by the options under the 1991 Scheme and the 2003 Scheme.

(b) These options were granted under the 1991 Scheme.

(c) These options were granted under the 2003 Scheme.

(d) These options would vest in 5 equal tranches and were exercisable at HK$2.950 per share during a five-year period commencing 1st April, 2004, 1st April, 2005, 1st April, 2006, 1st April, 2007 and 1st April, 2008 respectively.

(e) These options would vest in 5 equal tranches. The first four tranches were exercisable at HK$8.750 per share during a four-year period commencing 1st January, 2007, 1st January, 2008, 1st January, 2009 and 1st January, 2010 respectively. The last tranche was exercisable at HK$8.750 per share from 1st January, 2011 to 31st October, 2015.

(f) These options would vest in 5 equal tranches. The first four tranches were exercisable at HK$8.750 per share during a four-year period commencing 1st January, 2008, 1st January, 2009, 1st January, 2010 and 1st January, 2011 respectively. The last tranche was exercisable at HK$8.750 per share from 1st January, 2012 to 31st October, 2015.

(g) These options would vest in 5 equal tranches. The first four tranches were exercisable at HK$8.800 per share during a four-year period commencing 1st January, 2007, 1st January, 2008, 1st January, 2009 and 1st January, 2010 respectively. The last tranche was exercisable at HK$8.800 per share from 1st January, 2011 to 31st October, 2015.

(h) These options would vest in 5 tranches as follows: 10% on 30th March, 2008, 15% on 30th March, 2009, 20% on 30th March, 2010, 25% on 30th March, 2011 and 30% on 30th March, 2012 and were exercisable at HK$14.268 per share during a five-year period commencing the respective date of vesting.

(i) These options would vest in 5 tranches as follows: 10% on 30th March, 2008, 15% on 30th March, 2009, 20% on 30th March, 2010, 25% on 30th March, 2011 and 30% on 30th March, 2012 and were exercisable at HK$14.748 per share during a five-year period commencing the respective date of vesting.

(j) These options would vest in 5 tranches as follows: 10% on 30th March, 2009, 15% on 30th March, 2010, 20% on 30th March, 2011, 25% on 30th March, 2012 and 30% on 30th March, 2013. The first four tranches were exercisable at HK$14.748 per share during a five-year period commencing the respective date of vesting. The last tranche was exercisable at HK$14.748 per share from 30th March, 2013 to 1st October, 2017.

SHARE OPTION SCHEMES *(Continued)*

Outstanding Options Granted Under the 1991 Scheme and the 2003 Scheme *(Continued)*

Notes: (Continued)

(k) These options would vest in 5 tranches as follows: 10% on 31st March, 2011, 15% on 31st March, 2012, 20% on 31st March, 2013, 25% on 31st March, 2014 and 30% on 31st March, 2015 and were exercisable at HK$22.370 per share during a five-year period commencing the respective date of vesting.

(l) These options would vest in 5 tranches as follows: 10% on 31st March, 2012, 15% on 31st March, 2013, 20% on 31st March, 2014, 25% on 31st March, 2015 and 30% on 31st March, 2016. The first four tranches were exercisable at HK$22.370 per share during a five-year period commencing the respective date of vesting. The last tranche was exercisable at HK$22.370 per share from 31st March, 2016 to 27th October, 2020.

(m) Under the 1991 Scheme and in respect of the category of “Continuous contract employees”, the weighted average closing price of the Company’s shares immediately before the dates on which the share options were exercised during the year was HK$22.60.

(n) Under the 2003 Scheme and in respect of the category of “Director & Substantial Shareholder”, 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$20.10.

(o) Under the 2003 Scheme and in respect of the category of “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$22.68.

(p) Under the 2003 Scheme and in respect of the category of “Continuous contract employees”, the weighted average closing price of the Company’s shares immediately before the dates on which the share options were exercised during the year was HK$22.17.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the year ended 31st March, 2013.

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 Ming Shing, Ian	
Mr. Hui Tung Wah, Samuel	
Mr. Lo Tang Seong, Victor	*(Retired on 11th September, 2012)*

Independent Non-executive Directors

Mr. Choi Ngai Min, Michael	
Mr. Li Kwok Sing, Aubrey	
Mr. Kwok Lam Kwong, Larry	
Mr. Au Siu Cheung, Albert	*(Appointed on 11th January, 2013)*
Mr. Look Guy	*(Retired on 11th September, 2012)*

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Lo Hoi Kwong, Sunny, Mr. Lo Ming Sing, Ian and Mr. Li Kwok Sing, Aubrey shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

Mr. Li Kwok Sing, Aubrey, has served the Board as an Independent Non-executive Director for more than nine years. Mr. Li has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. Notwithstanding the length of his tenure, the Board is satisfied that, as well proven by the valuable independent judgment, advice and objective views given by Mr. Li over the years, Mr. Li is of such character, integrity, and experience commensurate with office of an Independent Non-executive Director. The Board is not aware of any circumstance that might influence Mr. Li's independence.

In addition, in accordance with Bye-law 100 of the Company's Bye-laws, Mr. Au Siu Cheung, Albert, who was appointed as a Director of the Company on 11th January, 2013, shall hold office until the forthcoming Annual General Meeting and, being eligible, has offered himself for re-election. Mr. Au has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that Mr. Au meets the independence guidelines set out in Rule 3.13 of the Listing Rules and he is 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.

CHANGES IN INFORMATION OF DIRECTORS

The changes in the information of Directors since the publication of 2012 Interim Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	**Details of changes**
Ms. Lo Pik Ling, Anita	Pursuant to a letter made between the Company and Ms. Lo in April 2013, which is supplemental to her service contract dated 26th October, 2012, the annual salary and allowance of Ms. Lo has been increased from HK$936,000 to HK$970,920 with effect from 1st April, 2013. Ms. Lo remains entitled to an annual director's fee of HK$50,000 and an annual profit sharing bonus of a sum by reference to the operating results of certain business units of the Group.
Mr. Lo Tak Shing, Peter	Mr. Lo was appointed as General Manager of Business Development of the Group with effect from 1st January, 2013. Pursuant to a letter made between the Company and Mr. Lo in April 2013, which is supplemental to his service contract dated 24th April, 2012, Mr. Lo's annual salary has been increased from HK$580,200 to HK$840,000 and his annual profit sharing bonus will be determined by reference to the operating results of the Group instead of those of certain business units with effect from 1st April, 2013. Mr. Lo remains entitled to an annual director's fee of HK$50,000.

CHANGES IN INFORMATION OF DIRECTORS *(Continued)*

Name of Director	Details of changes
Mr. Kwok Lam Kwong, Larry	Mr. Kwok has been appointed as the Chairman of the Transport Advisory Committee with effect from 1st October, 2012, a member of the Hospital Governing Committee of Prince of Wales Hospital with effect from 1st April, 2013 and a member of the Mainland Opportunities Committee of the Financial Services Development Council with effect from 5th April, 2013. Mr. Kwok ceased to act as the 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 and a member of Securities and Futures Appeals Tribunal in Hong Kong with effect from 31st March, 2013. Mr. Kwok also ceased to act as a member of the Political Consultative Committee of Guangxi in the People's Republic of China in 2012.
Mr. Choi Ngai Min, Michael	Mr. Choi has become a member of the Long Term Housing Strategy Steering Committee with effect from September 2012.

With effect from 1st April, 2013, the annual director's fee for each of the Non-executive Directors, namely Mr. Chan Yue Kwong, Michael, Mr. Lo Ming Shing, Ian and Mr. Hui Tung Wah, Samuel, has been increased from HK$80,000 to HK$180,000; the annual director's fee of each of the Independent Non-executive Directors, namely Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey, Mr. Kwok Lam Kwong, Larry and Mr. Au Siu Cheung, Albert, has been increased from HK$200,000 to HK$300,000.

DIRECTORS' INTERESTS IN CONTRACTS 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 transactions were disclosed in the Company's announcement dated 14th November, 2007.

During the year ended 31st March, 2013, the amount paid or payable to illy or associate of illy amounted to approximately HK$507,000 and did not exceed the annual cap of HK$35,000,000.

DIRECTORS' INTERESTS IN CONTRACTS 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$55,000,000
1st April, 2012 to 31st March, 2013	HK$68,000,000
1st April, 2013 to 31st March, 2014	HK$85,000,000

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 year ended 31st March, 2013, the aggregate value in respect of the Renovation Transactions under the 2011 Framework Agreement amounted to approximately HK$8,500,000, including approximately HK$2,800,000 for the minor works and did not exceed the annual cap of HK$68,000,000.

(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 CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

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

Pursuant to the Supplemental Agreement, (i) "Minor works" 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 considers 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. items (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.

RELATED PARTY TRANSACTIONS

The continuing connected transactions under the Master Franchise Agreement also constituted related party transactions which, among other transactions, are set out in *Note 38(a)* to the consolidated financial statements.

RELATED PARTY TRANSACTIONS *(Continued)*

Apart from the above, other related party transactions set out in *Note 38* to the consolidated financial statements (other than the transactions relating to the operating lease rentals paid to a related party, which constituted continuing connected transactions but were exempted from the reporting and announcement requirements under Chapter 14A of the Listing Rules) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

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

As at 31st March, 2013, 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 otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares and Underlying Shares of the Company

		Number of ordinary shares/underlying shares (long position)						
Name of Director	*Notes*	Personal interests	Family interests	Corporate interests	Trusts and similar interests	Equity derivatives *(Note (e))*	Total interests	% of total issued shares
Mr. Lo Hoi Kwong, Sunny	*(a)*	18,382,000	–	–	37,383,394	2,550,000	58,315,394	10.16%
Mr. Lo Tak Shing, Peter	*(b)*	350,000	–	–	89,308,213	60,000	89,718,213	15.63%
Ms. Lo Pik Ling, Anita		13,595,339	–	–	–	405,000	14,000,339	2.44%
Mr. Chan Yue Kwong, Michael	*(c)*	5,821,407	4,096,000	–	–	1,340,000	11,257,407	1.96%
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 Ming Shing, Ian		40,000	–	–	–	–	40,000	0.01%
Mr. Choi Ngai Min, Michael		–	–	–	–	–	–	–
Mr. Kwok Lam Kwong, Larry		–	–	–	–	–	–	–
Mr. Au Siu Cheung, Albert		–	–	–	–	–	–	–

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

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

Notes:

(a) 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 by RBC Trustees (CI) 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) The interests in equity derivatives represented interests in options granted to the Directors named above under the Company's share option scheme(s) to subscribe for shares of the Company, further details of which are set out in the section headed "Share Option Schemes" above.

All the interests in shares and underlying shares of equity derivatives of the Company are long positions. None of the Directors held any short position in the shares, underlying shares 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, as at 31st March, 2013, none of the Directors, Chief Executives of the Company or their respective associates had or was deemed to have any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning Part XV of the SFO.

Save as disclosed herein and the Company's share option schemes as set out in the section headed "Share Option Schemes" in pages 47 to 53 of this annual report, at no time during the year ended 31st March, 2013 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the Chief Executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed above, none of the Directors or the Chief Executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the year ended 31st March, 2013.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st March, 2013, 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/underlying shares (long positions)					
Name of substantial 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	15.56%
Sky Bright International Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.56%
Verdant Success Holdings Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.56%
RBC Trustees (CI) Limited	*(a)*	–	–	–	89,308,213	89,308,213	15.56%
Ms. Tso Po Ping	*(b)*	–	58,315,394	–	–	58,315,394	10.16%
Ardley Enterprises Limited	*(c)*	–	–	–	37,383,394	37,383,394	6.51%
Mr. Lo Hoi Chun	*(d)*	132,000	–	67,880,834	–	68,012,834	11.85%
Ms. Man Bo King	*(e)*	–	68,012,834	–	–	68,012,834	11.85%
LBK Holding Corporation	*(f)*	35,969,133	–	–	–	35,969,133	6.27%
MMW Holding Corporation	*(g)*	31,911,701	–	–	–	31,911,701	5.56%
Matthews International Capital Management, LLC	*(h)*	63,078,100	–	–	–	63,078,100	10.99%
Arisaig Asia Consumer Fund Limited	*(i)*	28,938,000	–	–	–	28,938,000	5.04%
Arisaig Partners (Mauritius) Limited	*(i)*	28,938,000	–	–	–	28,938,000	5.04%
Mr. Lindsay William Ernest Cooper	*(i)*	–	–	28,938,000	–	28,938,000	5.04%
Aberdeen Asset Management PLC and its associates	*(h)*	28,806,000	–	–	–	28,806,000	5.02%

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 by RBC Trustees (CI) Limited which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter, being a Director of the Company, was 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 2,550,000 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 was wholly-owned by Mr. Lo Hoi Chun.

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

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

(i) These interests were held by Arisaig Asia Consumer Fund Limited ("Arisaig Asia") of which Arisaig Partners (Mauritius) Limited ("Arisaig Partners") was the investment manager. Arisaig Partners was wholly-owned by Arisaig Partners (Holdings) Limited which in turn was wholly-owned by Skye Partners Limited. Skye Partners Limited was owned as to 33.33% by Mr. Lindsay William Ernest Cooper.

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

Save as disclosed above, as at 31st March, 2013, the Directors are not aware of any other persons (other than a Director or Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 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, 2013, 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.

AUDITOR

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

On behalf of the Board of Directors

CHAN YUE KWONG, MICHAEL
Chairman

Hong Kong, 25th June, 2013

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 67 to 170, which comprise the consolidated and company statements of financial position as at 31st March, 2013, 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, 2013 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, 25th June, 2013

Consolidated Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK$'000	31st March, 2012 HK$'000 (Restated)	1st April, 2011 HK$'000 (Restated)
ASSETS				
Non-current assets				
Leasehold land and land use rights	6	**94,411**	97,143	67,810
Property, plant and equipment	7	**1,672,430**	1,482,562	1,175,764
Investment properties	8	**385,000**	326,200	316,200
Intangible assets	9	**111,579**	172,652	190,676
Investments in associates	11	**11,780**	18,505	21,271
Investments in jointly controlled entities	12	**24,372**	11,060	4,240
Deferred income tax assets	20	**24,320**	18,075	14,160
Retirement benefit assets	19	**–**	–	14,361
Available-for-sale financial assets	13	**451,087**	417,667	324,052
Non-current prepayments and deposits	14	**268,633**	229,505	228,369
Financial assets at fair value through profit or loss	17	**33,094**	14,745	38,392
		3,076,706	2,788,114	2,395,295
Current assets				
Inventories	15	**204,548**	172,099	170,986
Trade and other receivables	16	**147,671**	73,889	54,333
Prepayments and deposits	16	**124,966**	99,070	101,534
Financial assets at fair value through profit or loss	17	**56,077**	55,135	65,902
Bank deposits with maturity over three months	18	**31,076**	31,033	–
Cash and cash equivalents	18	**772,694**	854,417	993,333
		1,337,032	1,285,643	1,386,088
Total assets		**4,413,738**	4,073,757	3,781,383
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	22	**57,407**	56,956	56,313
Other reserves	23	**1,164,384**	1,057,413	836,259
Retained earnings	23			
– Proposed dividends		**419,790**	256,997	395,098
– Others		**1,907,793**	1,906,445	1,803,445
		3,549,374	3,277,811	3,091,115
Non-controlling interests		**2,271**	1,271	1,589
Total equity		**3,551,645**	3,279,082	3,092,704

Consolidated Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK$'000	31st March, 2012 HK$'000 (Restated)	1st April, 2011 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	*20*	**31,616**	33,208	35,832
Provision for long service payments	*19*	**19,680**	9,872	14,249
Retirement benefit liabilities	*19*	**25,670**	12,328	–
		76,966	55,408	50,081
Current liabilities				
Trade payables	*21*	**179,103**	171,250	172,413
Other creditors and accrued liabilities		**563,216**	535,286	440,361
Current income tax liabilities		**42,808**	32,731	25,824
		785,127	739,267	638,598
Total liabilities		**862,093**	794,675	688,679
Total equity and liabilities		**4,413,738**	4,073,757	3,781,383
Net current assets		**551,905**	546,376	747,490
Total assets less current liabilities		**3,628,611**	3,334,490	3,142,785

Approved by the Board of Directors on 25th June, 2013 and signed on behalf of the Board by:

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Chief Executive Officer

The notes on pages 76 to 170 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK$'000	31st March, 2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*10*	**1,341,605**	1,122,635
Current assets			
Prepayments, deposits and other current assets		**731**	8,329
Cash and cash equivalents	*18*	**193**	456
		924	8,785
Total assets		**1,342,529**	1,131,420
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*22*	**57,407**	56,956
Other reserves	*23*	**693,017**	629,572
Retained earnings	*23*		
– Proposed dividends		**419,790**	256,997
– Others		**171,850**	187,882
Total equity		**1,342,064**	1,131,407
LIABILITIES			
Current liabilities			
Other creditors and accrual liabilities		**465**	13
Total equity and liabilities		**1,342,529**	1,131,420
Net current assets		**459**	8,772
Total assets less current liabilities		**1,342,064**	1,131,407

Approved by the Board of Directors on 25th June, 2013 and signed on behalf of the Board by:

CHAN YUE KWONG, MICHAEL
Chairman

LO HOI KWONG, SUNNY
Chief Executive Officer

The notes on pages 76 to 170 are an integral part of these financial statements.

Consolidated Income Statement

– By Function of Expense

For the year ended 31st March, 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Revenue	24	**6,394,089**	5,956,438
Cost of sales	26	**(5,483,663)**	(5,142,737)
Gross profit		**910,426**	813,701
Other gains, net	25	**61,319**	62,883
Administrative expenses	26	**(326,252)**	(317,950)
Operating profit		**645,493**	558,634
Finance income	27	**10,966**	9,016
Share of (loss)/profit of associates		**(4,243)**	310
Share of loss of jointly controlled entities		**(5,987)**	(333)
Profit before income tax		**646,229**	567,627
Income tax expense	28	**(100,282)**	(90,616)
Profit for the year		**545,947**	477,011
Allocated as:			
Profit/(loss) attributable to non-controlling interests		**1,000**	(318)
Profit attributable to equity holders of the Company	29	**544,947**	477,329
Dividends	30	**517,204**	353,286
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic	31	**95.26 HK cents**	84.40 HK cents
– Diluted	31	**94.63 HK cents**	83.81 HK cents

The notes on pages 76 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2013

	2013 *HK$'000*	2012 *HK$'000* (Restated)
Profit for the year	**545,947**	477,011
Other comprehensive income/(loss):		
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	**5,458**	10,065
Actuarial losses on retirement benefit obligation recognised in reserve	**(27,616)**	(28,455)
Deferred income tax effect on actuarial losses of retirement benefit obligation recognised in reserve	**–**	(1,004)
Fair value gains on available-for-sale financial assets	**38,649**	136,129
Reserve released upon disposal of Available-for-sale financial assets	**(581)**	(3,992)
Total comprehensive income for the year	**561,857**	589,754
Attributable to:		
– Equity holders of the Company	**560,857**	590,072
– Non-controlling interests	**1,000**	(318)
	561,857	589,754

The notes on pages 76 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2013

	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1st April, 2012, as previously reported	56,956	1,057,413	2,134,629	3,248,998	1,271	3,250,269
Change in accounting policy – Adoption of HKAS 12 (Amendment)	–	–	28,813	28,813	–	28,813
Balance as at 1st April, 2012 as restated	56,956	1,057,413	2,163,442	3,277,811	1,271	3,279,082
Profit for the year	–	–	544,947	544,947	1,000	545,947
Other comprehensive income/(loss):						
Exchange differences arising from translation of foreign subsidiaries, associates and jointly controlled entities	–	5,458	–	5,458	–	5,458
Actuarial losses on retirement benefit obligation recognised in reserve	–	–	(27,616)	(27,616)	–	(27,616)
Fair value gains on available-for-sale financial assets	–	38,649	–	38,649	–	38,649
Reserve released upon disposal of Available-for-sale financial assets	–	(581)	–	(581)	–	(581)
Total comprehensive income	–	43,526	517,331	560,857	1,000	561,857
Proceeds from shares issued	451	61,307	–	61,758	–	61,758
Employee share option scheme-value of employee services	–	3,722	–	3,722	–	3,722
Transfer upon lapse of share options	–	(1,584)	1,584	–	–	–
Dividends	–	–	(354,774)	(354,774)	–	(354,774)
Balance as at 31st March, 2013	57,407	1,164,384	2,327,583	3,549,374	2,271	3,551,645

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2013

	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1st April, 2011, as previously reported	56,313	836,259	2,173,258	3,065,830	1,589	3,067,419
Change in accounting policy – Adoption of HKAS 12 (Amendment)	–	–	25,285	25,285	–	25,285
Balance as at 1st April, 2011, as restated	56,313	836,259	2,198,543	3,091,115	1,589	3,092,704
Profit for the year, as restated	–	–	477,329	477,329	(318)	477,011
Other comprehensive income/(loss):						
Exchange differences arising from translation of foreign subsidiaries, associates and jointly controlled entities	–	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)
Total comprehensive income/(loss)	–	142,202	447,870	590,072	(318)	589,754
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
Transfer upon lapse of share options	–	(9,236)	9,236	–	–	–
Dividends	–	–	(492,207)	(492,207)	–	(492,207)
Balance as at 31st March, 2012, as restated	56,956	1,057,413	2,163,442	3,277,811	1,271	3,279,082

The notes on pages 76 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Net cash generated from operations	33(a)	**791,976**	818,208
Hong Kong profits tax paid		**(84,954)**	(76,436)
Overseas taxation paid		**(12,199)**	(14,078)
Net cash generated from operating activities		**694,823**	727,694
Cash flows from investing activities			
Purchase of leasehold land & land use rights		**–**	(31,349)
Purchase of property, plant and equipment		**(491,359)**	(542,677)
Proceeds from disposals of property, plant and equipment	33(b)	**6,929**	3,771
Net proceeds from disposals of investment properties		**–**	41,998
Proceeds from disposal of trademark		**–**	11,387
Dividend received from associates		**753**	2,392
Dividend received from listed investments		**13,213**	13,693
Purchase of financial assets		**(31,161)**	(6)
Proceeds from redemption/disposal of available-for-sale financial assets		**5,568**	41,777
Proceeds from disposal of financial assets at fair value through profit or loss		**15,515**	32,049
Proceeds from disposal of interest in an associate		**5,776**	1,177
Capital injection for investment in a jointly controlled entity		**(23,000)**	(7,000)
Interest received		**10,308**	8,522
Increase in bank deposits with maturity over three months		**(43)**	(31,033)
Net cash used in investing activities		**(487,501)**	(455,299)

Consolidated Statement of Cash Flows

For the year ended 31st March, 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from financing activities			
Net proceeds from issue of shares upon exercise of share options		**61,758**	78,665
Dividends paid		**(354,774)**	(492,207)
Net cash used in financing activities		**(293,016)**	(413,542)
Net decrease in cash and cash equivalents		**(85,694)**	(141,147)
Cash and cash equivalents at the beginning of the year		**854,417**	993,333
Effect of foreign exchange rate changes		**3,971**	2,231
Cash and cash equivalents at the end of the year	*18*	**772,694**	854,417

The notes on pages 76 to 170 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 Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25th June, 2013.

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)*

(i) Amendment to standard adopted by the Group

The HKICPA has amended HKAS 12, "Income Taxes", to introduce an exception to the principle for the measurement of deferred income tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred income tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January, 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31st March, 2013 and the effects of adoption are disclosed as follows.

As disclosed in Note 8, the Group has investment properties measured at their fair values totaling HK$326,200,000 (1st April, 2011: HK$316,200,000) as of 1st April, 2012. As required by the amendment, the Group has re-measured the deferred income tax relating to certain investment properties amounting to HK$28,813,000 (1st April, 2011: HK$25,285,000) as of 1st April, 2012 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2012 have been restated to reflect the change in accounting policy. The effect of adoption of this amendment is as below.

Effect on consolidated statement of financial position

	As at 31st March, 2012 HK$'000	As at 1st April, 2011 *HK$'000*
Decrease in deferred income tax liabilities	**28,813**	25,285
Increase in retained earnings	**28,813**	25,285

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(i) Amendment to standard adopted by the Group *(Continued)*

Effect on consolidated income statement

	Year ended 31st March, 2012 *HK$'000*
Decrease in income tax expense	3,528
Increase in net profit attributable to equity holders of the company	3,528
Increase in basic EPS	0.62 HK cents
Increase in diluted EPS	0.62 HK cents

(ii) Amendments to standards mandatory for the first time for the financial year beginning 1st April, 2012 but not currently relevant to the Group.

The following amendments to standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st April, 2012, but not relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1st July, 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1st July, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(iii) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1st April, 2012 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1st July, 2012
HKAS 19 (Amendment)	Employee benefits	1st January, 2013
HKAS 27 (Revised 2011)	Separate financial statements	1st January, 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1st January, 2013
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1st January, 2014
HKFRS 1 (Amendment)	Government loans	1st January, 2013
HKFRS 7 (Amendment)	Disclosure – Offsetting 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	Disclosures of interests in other entities	1st January, 2013
HKFRS 13	Fair value measurements	1st January, 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance	1st January, 2013
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities	1st January, 2014
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1st January, 2013
Annual improvement project	Annual improvements 2009-2011 cycle	1st January, 2013
HKFRS 7 and 9 (Amendment)	Disclosures: Mandatory effective date of HKFRS 9 and transitional disclosures	1st January, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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.

2.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(a) ***Subsidiaries*** *(Continued)*

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.

Impairment testing of 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 the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(b) Transactions with non-controlling interests

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

When the Group ceases to have control, 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.

(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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(c) Associates (Continued)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

2.4 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 relating to changes in the amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances *(Continued)*

Translation differences on non-monetary financial assets and liabilities 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) ***Group companies*** *(Continued)*

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

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
Building	2.5%
Leasehold improvements	Over the remaining period of the lease
Plant and machinery	10%
Furniture and other equipment	12.5% – 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(Note 2.10)*.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. They are included in the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 with definite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate costs of other intangible assets over their estimated useful lives of 2 to 20 years.

2.10 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets 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 of less than 12 months from the end of reporting date. These are classified as current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

(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.

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 securities and other changes in the carrying amount of the securities. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Inventories

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

2.13 Trade and other receivables

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

2.14 Cash and cash equivalents

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

2.15 Share capital

Ordinary shares are classified as equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Trade and other payables

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

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred income 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 income 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 income 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax *(Continued)*

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.

2.18 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Revenue recognition *(Continued)*

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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Profit sharing and bonus plans

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

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

(iii) Pension obligations

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(iii) Pension obligations *(Continued)*

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(v) Share-based compensation *(Continued)*

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.

2.22 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.

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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Interest rate risk

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

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

(c) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified on the consolidated 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.

As at 31st March, 2013, 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$4,077,000 (2012: HK$2,204,000) arising from the financial assets at fair value through profit or loss and investment reserve would have increased/decreased by HK$45,109,000 (2012: HK$41,767,000) 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(d) Credit risk (Continued)

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 the financial position of the landlords as well as past experience of the Group in dealing with the respective landlords. The Group has policies in place to ensure rental deposits are placed to landlords with appropriate credit histories and credit terms are granted to reliable debtors. The Group's historical experience in collection of deposits and receivables falls within recorded allowance and the Directors are of the opinion that adequate provision for uncollectible receivable has been made.

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

(e) Liquidity risk

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

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(e) Liquidity risk *(Continued)*

As at 31st March, 2013, 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, 2012 and 31st March, 2013.

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).

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, 2013:

	Level 1 *HK$'000*	Level 2 *HK$'000*	Total *HK$'000*
Assets			
Available-for-sale financial assets			
– Listed investments	451,087	–	451,087
Derivative financial instruments	–	39,278	39,278
Investment portfolio			
– Debt investments	–	8,644	8,644
– Equity securities	40,770	–	40,770
– Others	–	479	479
Total financial assets measured at fair value	491,857	48,401	540,258

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 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 ("CGU") have been determined based on higher of fair value less costs to sell and value in use determined using the discounted cash flow method.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Impairment of goodwill *(Continued)*

As described in *Note 9*, management have applied certain estimates and assumptions (e.g. revenue growth), in determining the recoverable amounts of the North America CGU, which comprised most of the goodwill as at 31st March, 2013. Any changes in the estimates and assumptions used by the management would impact the recoverable amount of the North American CGU and as a result affect the Group's financial position and results of operations.

(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) Impairment of investments in associates and jointly controlled entities and amounts due from jointly controlled entities

The Group makes provision for impairment of investments in associates and jointly controlled entities and amounts due from jointly controlled entities based on an assessment of the future economic benefits of the investments which will flow to the Group and the collectability of the amounts due from jointly controlled entities. The identification of provisions requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of investments in associates and jointly controlled entities and amounts due from jointly controlled entities in the period in which such estimate has been changed.

(e) 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 income tax provisions in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Income taxes *(Continued)*

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 income tax assets in the period in which such determination is made.

(f) 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.

(g) 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 amongst different segment. He assesses the business principally from a geographical perspective including Hong Kong, Mainland China and North America. Segment result as presented below represents operating profit before interest, tax, depreciation and amortisation and impairment loss.

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

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Year ended 31st March, 2013				
Total segment revenue	**5,076,765**	**1,233,477**	**194,201**	**6,504,443**
Inter-segment revenue *(Note i)*	**(2,948)**	**(107,406)**	**–**	**(110,354)**
Revenue (from external revenue) *(Note ii)*	**5,073,817**	**1,126,071**	**194,201**	**6,394,089**
Segment result *(Note iii)*	**868,764**	**84,036**	**10,421**	**963,221**
Depreciation and amortisation	**175,365**	**64,590**	**16,638**	**256,593**
Impairment loss of goodwill	**–**	**–**	**48,232**	**48,232**
Impairment loss of a jointly controlled entity	**–**	**3,700**	**–**	**3,700**
Impairment loss of property, plant and equipment	**–**	**9,203**	**–**	**9,203**
Finance income	**7,230**	**3,638**	**98**	**10,966**
Share of profit/(loss) of associates	**387**	**(4,825)**	**195**	**(4,243)**
Share of (loss)/profit of jointly controlled entities	**(5,995)**	**8**	**–**	**(5,987)**
Income tax expense/(credit)	**90,447**	**12,611**	**(2,776)**	**100,282**

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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 result *(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) (restated)	77,988	13,842	(1,214)	90,616

(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, 2013, no revenue was derived from transactions with a single external customer representing 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 as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Segment results	**963,221**	802,647
Depreciation and amortisation	**(256,593)**	(244,013)
Impairment loss of goodwill	**(48,232)**	–
Impairment loss of a jointly controlled entity	**(3,700)**	–
Impairment loss of property, plant and equipment	**(9,203)**	–
Operating profit	**645,493**	558,634
Finance income	**10,966**	9,016
Share of (loss)/profit of associates	**(4,243)**	310
Share of loss of jointly controlled entities	**(5,987)**	(333)
Profit before income tax	**646,229**	567,627

5 SEGMENT INFORMATION *(Continued)*

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Year ended 31st March, 2013				
Segments assets	**2,819,095**	**814,867**	**215,198**	**3,849,160**
Segment assets include:				
Investments in associates	**–**	**10,577**	**1,203**	**11,780**
Investments in jointly controlled entities	**23,726**	**646**	**–**	**24,372**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**418,324**	**107,656**	**14,125**	**540,105**
Year ended 31st March, 2012				
Segments 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 and deferred income tax assets)	513,954	129,442	16,381	659,777

As at 31st March, 2013, the Group's non-current assets (other than financial instruments and deferred income tax assets) located in Hong Kong, the Mainland China and North America amounted to HK$1,905,781,000 (2012: HK$1,631,799,000), HK$508,483,000 (2012: HK$497,023,000) and HK$153,940,000 (2012: HK$208,805,000), respectively.

5 SEGMENT INFORMATION *(Continued)*

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Total segment assets	**3,849,160**	3,568,135
Deferred income tax assets	**24,320**	18,075
Available-for-sale financial assets	**451,087**	417,667
Financial assets at fair value through profit or loss	**89,171**	69,880
Total assets	**4,413,738**	4,073,757

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	
	2013	2012
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of between 10 to 50 years	**51,614**	53,114
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**42,797**	44,029
	94,411	97,143

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**97,143**	67,810
Addition	**–**	31,349
Amortisation of leasehold land and land use rights	**(3,014)**	(2,767)
Exchange differences	**282**	751
End of the year	**94,411**	97,143

Amortisation expense of HK$3,014,000 (2012: HK$2,767,000) has been charged to cost of sales.

7 PROPERTY, PLANT AND EQUIPMENT

	Group					
	Land and buildings *(Note b)* *HK$'000*	Leasehold improvements *HK$'000*	Furniture and other equipment *HK$'000*	Plant and machinery *HK$'000*	Construction-in-progress *HK$'000*	Total *HK$'000*
At 31st March, 2011						
Cost	517,525	757,154	1,215,719	26,419	189,159	2,705,976
Accumulated depreciation and impairment losses	(129,630)	(453,560)	(924,541)	(22,481)	–	(1,530,212)
Net book amount	387,895	303,594	291,178	3,938	189,159	1,175,764
Year ended 31st March, 2012						
Opening net book amount	387,895	303,594	291,178	3,938	189,159	1,175,764
Additions	70,324	131,081	147,988	23,926	169,358	542,677
Disposals	(7)	(12,055)	(4,821)	(1,459)	–	(18,342)
Depreciation	(13,056)	(97,139)	(115,012)	(3,726)	–	(228,933)
Transfer	125,558	–	6,662	11,663	(143,883)	–
Exchange differences	3,565	5,241	509	879	1,202	11,396
Closing net book amount	574,279	330,722	326,504	35,221	215,836	1,482,562
At 31st March, 2012						
Cost	717,393	859,988	1,313,378	59,742	215,836	3,166,337
Accumulated depreciation and impairment losses	(143,114)	(529,266)	(986,874)	(24,521)	–	(1,683,775)
Net book amount	574,279	330,722	326,504	35,221	215,836	1,482,562
Year ended 31st March, 2013						
Opening net book amount	574,279	330,722	326,504	35,221	215,836	1,482,562
Additions	8,999	143,133	133,195	9,528	177,479	472,334
Disposals	(9,170)	(13,149)	(10,134)	(1,051)	–	(33,504)
Depreciation	(14,087)	(103,724)	(118,049)	(7,977)	–	(243,837)
Impairment	–	(7,766)	(1,437)	–	–	(9,203)
Transfer	–	–	(18,218)	18,469	(251)	–
Exchange differences	1,787	1,260	466	563	2	4,078
Closing net book amount	561,808	350,476	312,327	54,753	393,066	1,672,430
At 31st March, 2013						
Cost	702,679	936,344	1,294,215	95,920	393,066	3,422,224
Accumulated depreciation and impairment losses	(140,871)	(585,868)	(981,888)	(41,167)	–	(1,749,794)
Net book amount	561,808	350,476	312,327	54,753	393,066	1,672,430

7 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Depreciation expenses of HK$233,545,000 (2012: HK$219,230,000) and HK$10,292,000 (2012: HK$9,703,000) has been charged to cost of sales and administrative expenses, respectively, while impairment loss has been charged to other gains, net *(Note 25)*.

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Net book value:		
Freehold land	**14,811**	14,811
Leasehold land classified as finance lease	**289,893**	298,454
Buildings	**257,104**	261,014
	561,808	574,279

As at 31st March, 2013 and 2012, the Group's freehold land was located outside Hong Kong.

As at 31st March, 2013, the Group's leasehold land with net book value of HK$289,893,000 (2012: HK$298,454,000) was located in Hong Kong under the following leases:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Leases of over 50 years	**50,504**	50,941
Leases of between 10 to 50 years	**239,389**	247,513
	289,893	298,454

8 INVESTMENT PROPERTIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**326,200**	316,200
Fair value gains	**58,800**	45,000
Disposal	**–**	(35,000)
End of the year	**385,000**	326,200

The investment properties were revalued at 31st March, 2013 and 2012 by CB Richard Ellis Limited, an independent professionally qualified valuer. Valuations were based on open market basis for all properties. Fair value gains has been charged to other gains, net *(Note 25)*.

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**121,000**	102,800
Leases of between 10 to 50 years	**264,000**	223,400
	385,000	326,200

9 INTANGIBLE ASSETS

	Group		
	Goodwill	Other intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 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)*

	Group		
	Goodwill	**Other intangible assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31st March, 2013			
Opening net book amount	101,311	71,341	172,652
Amortisation expense	–	(9,742)	(9,742)
Impairment loss	(48,232)	–	(48,232)
Exchange differences	(1,946)	(1,153)	(3,099)
Closing net book amount	51,133	60,446	111,579
At 31st March, 2013			
Cost	116,795	195,872	312,667
Accumulated amortisation and impairment losses	(65,662)	(135,426)	(201,088)
Closing net book amount	51,133	60,446	111,579

(a) Amortisation expense of HK$9,742,000 (2012: HK$12,313,000) has been charged to administrative expenses, while impairment loss has been charged to other gains, net *(Note 25)*.

(b) Other intangible assets mainly represent trademarks, franchise rights and favourable lease agreements arising from acquisition of subsidiaries which have useful lives of 2 to 20 years.

9 INTANGIBLE ASSETS *(Continued)*

(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.

	2013	2012
	HK$'000	*HK$'000*
North America	**50,029**	100,207
Hong Kong and Mainland China *(Note a)*	**3,906**	3,906
	53,935	104,113

Note a: Goodwill relating to an associate in Mainland China of HK$2,802,000 (2012: HK$2,802,000) was included in investments in associates *(Note 11)*.

The recoverable amounts of CGUs are determined based on the higher of (i) fair value less costs to sell and (ii) value in use determined using the discounted cash flow method. The calculations of the recoverable amounts of the CGUs in Hong Kong and Mainland China were determined with reference to their fair value less costs to sell. 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 2% per annum
– Franchise store revenue	Average growth rate of 6% 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.

Based on the result of the work as mentioned above, management have reduced the carrying amount of the North America CGU by an amount of HK$48,232,000 through recognition of an impairment loss against goodwill. Such impairment charge arose as a result of the less than satisfactory past and expected performance of the North America CGU. No other class of assets other than goodwill was impaired.

9 INTANGIBLE ASSETS *(Continued)*

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

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% more than or less than based estimate
(ii)	Beyond five years	1% more than or less than based estimate

Based on the aforementioned sensitivity analysis, should revenue growth be increased or reduced by 1% over the base case, the recoverable amount of the North America CGU would be HK$11,476,000 higher and HK$14,849,000 lower than the current estimate amount, respectively.

10 INVESTMENTS IN SUBSIDIARIES – COMPANY

	2013 *HK$'000*	2012 *HK$'000*
Unlisted investments, at cost	**331,802**	331,802
Amounts due from subsidiaries	**1,009,803**	790,833
	1,341,605	1,122,635

Amounts due from subsidiaries are unsecured, non-interest bearing and are not repayable in the next twelve months.

The Directors are of the opinion that the underlying values of the subsidiaries were not less than their carrying values as at 31st March, 2013.

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013:

Name of subsidiary	Place 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
Barson Development Limited	Hong Kong	HK$10,000	Ordinary	100%	Property investment
Bloomcheer Limited	Hong Kong	HK$500,000	Ordinary	100%	Catering
Bravo le Café Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Brilliantwin Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Café de Coral Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Central Processing Limited	Hong Kong	HK$20	Ordinary	100%	Food processing
Café de Coral (China) Limited	Hong Kong	HK$40,000,000	Ordinary	100%	Investment holding
Café de Coral (Denmark) ApS	Denmark	DKK125,000	Ordinary	100%	Investment holding
Café de Coral Development Limited[1]	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Café de Coral Fast Food Limited	Hong Kong	HK$20	Ordinary	100%	Catering

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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$300,000	Ordinary	70%	Catering
Central Victory Investments Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
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
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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Embark Developments Limited	British Virgin Islands	US$1	Ordinary	100%	Investment holding
Excel Spirit Assets Limited	British Virgin Islands	US$1	Ordinary	100%	Investment Holding
Exo Enterprises Limited	Hong Kong	HK$4,000,000	Ordinary	100%	Catering
Fine Regent Hong Kong Limited	Hong Kong	HK$1	Ordinary	100%	Catering
Foshan Café de Coral Catering Company Limited	The PRC	HK$6,000,000	–	100%	Catering
Foshan Fortunate Spaghetti House Catering Company Limited	The PRC	HK$3,200,000	–	100%	Catering
Gateway City Limited	Hong Kong	HK$20	Ordinary	100%	Catering
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$1	Ordinary	100%	Catering
Guangzhou Asia Catering Management Limited	The PRC	HK$2,000,000	–	100%	Catering consultancy

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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
Interface Consultants Limited	British Virgin Islands	US$1	Ordinary	100%	Provision of royalty 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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Manchu Wok (Canada) Inc.	Canada	C$5,740,000	Common	100%	Fast food chains
Manchu Wok Enterprises Inc.	Canada (incorporation)/ The United States of America and Canada (operation)	C$2,865,000 C$3,000,000 C$955	Class A[2] Class B[3] Class C[4]	100% 100% 100%	Investment holding
Manchu Wok Enterprises II Inc.	Canada (incorporation)/ The United States of America and Canada (operation)	US$2,100,000 C$100,000	Class B[3] Class C[4]	100% 100%	Investment holding
Manchu Wok (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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
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
Honour Congee & Noodles Food Limited	Hong Kong	HK$2	Ordinary	100%	Catering
Sparango Limited	Hong Kong	HK$20	Ordinary	100%	Catering
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 Class B	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

10 INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

The following is a list of the principal subsidiaries as at 31st March, 2013: *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued/ registered capital	Class of shares held	Percentage of shares held[1]	Principal activities
Yumi Yumi Caterers Limited	Hong Kong	HK$6,701,560 HK$2,872,100	Class A[5] Class B[6]	100% 100%	Catering
Zhongshan Café de Coral Catering Company Limited	The PRC	HK$1,200,000	–	100%	Catering
Zhuhai Café de Coral Catering Company Limited	The PRC	HK$8,000,000	–	100%	Catering

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

2 Holders of class A shares have no voting rights 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 Holders of class B shares have no voting rights 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 Holders of class C shares have voting participating shares and are subject to the prior rights of the Class A and Class B shares.

5 Holders of class A shares have voting participating shares.

6 Holders of class B shares have no voting rights.

11 INVESTMENTS IN ASSOCIATES

	Group 2013 HK$'000	Group 2012 HK$'000
Share of net assets	**8,978**	15,643
Goodwill	**2,802**	2,802
Due from associates *(Note b)*	**–**	60
	11,780	18,505

(a) Details of associates as at 31st March, 2013 are as follows:

Name	Place of establishment/ incorporation and operations	Principal activity	Particulars of issued shares held	Interest held indirectly
Café de Coral New Asia Group Co., Limited	The PRC	Operation of restaurants	–	25%
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 value of the associates were not less than their carrying amounts as at 31st March, 2013.

(d) During the year, the Group disposed of an associate with carrying value of HK$1,725,000 and recognised gain on disposal of HK$4,051,000 (2012: Nil) *(Note 25)*.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Share of net assets	**28,072**	11,060
Impairment loss	**(3,700)**	–
	24,372	11,060

(a) Details of the jointly controlled entities as at 31st March, 2013 are as follows:

Name	**Place of establishment/ incorporation and operations**	**Principal activity**	**Interest held indirectly**
Profit Sky International Limited	British Virgin Islands	Bakery production and operation of bakery shops	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 entities was not less than its book value as at 31st March, 2013.

(c) During the year, the Directors assessed the recoverable amount of the Group's investment in Xian Scanfoods ZhaoLong Foods Company Limited and recorded an impairment loss of HK$3,700,000 (2012: Nil) *(Note 25)*.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**417,667**	324,052
Additions	**–**	6
Redemptions/disposals	**(5,229)**	(42,520)
Fair value gains recognised in reserve	**38,649**	136,129
End of the year	**451,087**	417,667

Available-for-sale financial assets include the following:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Listed investments	**451,087**	417,667
Market value of listed securities	**451,087**	417,667

Available-for-sale financial assets are denominated in HK dollars.

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 dollars. 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$2,090,196,000 (2012: HK$1,989,670,000).

16 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**37,665**	35,969
Less: provision for impairment of receivables	**(129)**	(595)
Trade receivables – net *(Note a)*	**37,536**	35,374
Other receivables *(Note b)*	**110,135**	38,515
	147,671	73,889
Prepayments and deposits	**124,966**	99,070
	272,637	172,959

(a) 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, sales of merchandise for the Group's food manufacturing business and its franchisees.

(b) Other receivables comprised, among others, proceeds receivable from disposal of a property located in Hong Kong of HK$68,400,000 (2012: Nil), as well as balance due from jointly controlled entities of HK$6,658,000 (2012: Nil). The balance due from jointly controlled entities is unsecured, non interest bearing and repayable on demand.

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

The ageing analysis of trade receivables is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**23,321**	25,176
31 – 60 days	**7,484**	6,319
61 – 90 days	**2,801**	1,458
Over 90 days	**4,059**	3,016
	37,665	35,969

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**595**	718
Provision for impairment	**55**	56
Receivables written off during the year	**(484)**	(179)
Exchange difference	**(37)**	–
End of the year	**129**	595

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, 2013, trade receivables of HK4,059,000 (2012: HK$3,016,000) were past due but not impaired. Substantially all of these trade receivables were aged less than 120 days. These relates to a number of independent customers for whom there is no recent history of default. The Group did not hold any collateral as security.

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

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

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

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
HK dollar	**127,086**	51,839
RMB	**17,504**	19,036
US dollar	**1,525**	1,318
Canadian dollar	**1,556**	1,696
	147,671	73,889

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Non-current financial assets at fair value through profit or loss:		
Derivative financial instruments *(Note a)*	**33,094**	14,745
Current financial assets at fair value through profit or loss:		
Investment portfolio *(Note b)*	**49,893**	39,953
Derivative financial instrument *(Note a)*	**6,184**	15,182
	56,077	55,135
Total	**89,171**	69,880
Market value of listed securities	**40,770**	22,041

(a) These derivative financial instruments include two (2012: three) guaranteed deposit notes with maturity dates of five years (2012: three to five years); and three (2012: Nil) CNY performance notes and one USD performance note (2012: Nil) with maturity date ranging from one to two years. These notes are unsecured and bear interests at fixed or variable interest rates during the terms of the notes. The guaranteed deposit notes bear interest at 3-month LIBOR plus 0.75% to 3.05% per annum with interest cap ranging from 7% to 8.5% and interest floor ranging from 2.5% to 3.5%. The CNY performance notes and USD performance note are unsecured and bear fixed or variable return according to the CNY performance during the period with a floor return of 0% per annum.

(b) As at 31st March, 2013, investment portfolio mainly comprised debt securities of HK$9,000,000 (2012: HK$17,000,000) and equity securities of HK$41,000,000 (2012: HK$22,000,000).

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

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
USD	**73,118**	69,880
RMB	**16,053**	–
	89,171	69,880

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, 2013, the Group had bank deposits with maturity over three months and less than one year of approximately HK$31,076,000 (2012: HK$31,033,000). The deposits were denominated in USD and bore average interest rate 0.45% (2012: 0.4%) per annum.

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

(b) Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and on hand	**400,143**	468,704	**193**	456
Short-term bank deposits	**372,551**	385,713	**–**	–
	772,694	854,417	**193**	456
Maximum exposure to credit risk	**753,817**	832,144	**193**	456

The effective interest rate on short-term bank deposits was 2.9% (2012: 2.2%) per annum. These deposits have an average maturity of 80 days (2012: 80 days).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK dollar	**270,862**	269,320	**193**	456
RMB	**424,432**	454,314	**–**	–
US dollar	**61,917**	107,302	**–**	–
Canadian dollar	**6,619**	10,590	**–**	–
Others	**8,864**	12,891	**–**	–
	772,694	854,417	**193**	456

The Group's cash and bank balances of HK$202,131,000 (2012: HK$223,825,000) 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 LIABILITIES AND PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Retirement benefit liabilities		
Defined contribution schemes *(Note a)*	**(9,966)**	(8,308)
Defined benefit scheme *(Note b)*	**(25,670)**	(12,328)
Provision for long service payments *(Note c)*	**(19,680)**	(9,872)

(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$1,250 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, 2013, the Group has defined contribution scheme payable of HK$9,966,000 (2012: HK$8,308,000), which were recorded in other creditors and accrued liabilities.

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

(b) Defined benefit scheme

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

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

Such defined benefit scheme obligation was valued by HSBC Life (International) Limited, an independent qualified actuary, using the projected unit credit method.

The net liabilities recognised in the consolidated statement of financial position are determined as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Present value of funded obligations	**(171,881)**	(157,612)
Fair value of plan assets	**146,211**	145,284
Net liabilities in the consolidated statement of financial position	**(25,670)**	(12,328)
Experience adjustment gain/(loss) on plan liabilities	**3,383**	(1,466)
Experience adjustment (gain)/loss on plan assets	**(610)**	13,221

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

(b) Defined benefit scheme *(Continued)*

The movements in the defined benefit obligation are as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**(157,612)**	(151,385)
Current service cost	**(5,280)**	(5,098)
Interest cost	**(1,522)**	(3,487)
Employee contributions	**(1,229)**	(1,344)
Actuarial loss	**(17,244)**	(19,097)
Benefits paid	**11,006**	22,799
End of the year	**(171,881)**	(157,612)

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**145,284**	165,746
Expected return on plan assets	**6,408**	10,182
Actuarial gain/(loss)	**610**	(13,221)
Employee contributions	**1,229**	1,344
Employer contributions	**3,686**	4,032
Benefits paid	**(11,006)**	(22,799)
End of the year	**146,211**	145,284

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

(b) Defined benefit scheme *(Continued)*

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current service cost	**5,280**	5,098
Interest cost	**1,522**	3,487
Expected return on plan assets	**(6,408)**	(10,182)
Total, included in employee benefit expenses *(Note 32)*	**394**	(1,597)

Of the total amount debited/(credited) to consolidated income statement, approximately HK$176,000 (2012: (HK$716,000)) and HK$218,000 (2012: (HK$881,000)) have been included in cost of sales and administrative expenses, respectively.

The actual return on plan assets was a profit of approximately HK$7,018,000 (2012: a loss of approximately HK$3,039,000).

The principal actuarial assumptions used are as follows:

	2013	2012
Discount rate	**0.9% p.a.**	1.0% p.a.
Expected rate of return on plan assets	**4.5% p.a.**	4.5% p.a.
Expected rate of future salary increases	**4.5% p.a.**	3.5% p.a.

The actuarial losses recognised in the consolidated statement of comprehensive income was HK$16,634,000 (2012: losses of HK$32,318,000).

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income was HK$49,480,000 (2012: losses of HK$32,846,000).

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

(b) Defined benefit scheme *(Continued)*

	2013	2012
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equity instruments	**38.0%**	41.0%
Debt instruments	**60.0%**	56.0%
Other assets	**2.0%**	3.0%

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.

Expected contributions to the benefit plans by the Group for the year ending 31st March, 2014 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.

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

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

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Liability in the consolidated statement of financial position	**19,680**	9,872
Experience adjustment loss on plan liabilities	**7,619**	199

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Beginning of the year	**9,872**	14,249
Current service cost	**255**	284
Interest cost	**37**	319
Benefits paid	**(1,466)**	(1,117)
Actuarial loss/(gain) on obligation	**10,982**	(3,863)
End of the year	**19,680**	9,872

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

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

Amounts recognised in the consolidated income statement are as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current service cost	**255**	284
Interest cost	**37**	319
Total, included in employee benefit expenses *(Note 32)*	**292**	603

Of the total charge, approximately HK$183,000 (2012: HK$377,000) and HK$109,000 (2012: HK$226,000) have been included in cost of sales and administrative expenses, respectively.

The principal actuarial assumptions used are as follows:

	2013	2012
Discount rate	**0.4% p.a.**	0.4% p.a.
Expected rate of future salary increases	**4.5% p.a.**	3.5% p.a.

The actuarial loss recognised in the consolidated statement of comprehensive income was HK$10,982,000 (2012: gain of HK$3,863,000).

The cumulative actuarial losses recognised in the consolidated statement of comprehensive income was HK$13,610,000 (2012: HK$2,628,000).

20 DEFERRED INCOME TAX

Deferred income 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 income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position:

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Deferred income tax assets to be recovered after 12 months	**24,320**	18,075
Deferred income tax liabilities to be settled after 12 months	**(31,616)**	(33,208)
	(7,296)	(15,133)

Movements in net deferred income tax liabilities are as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Beginning of the year, as previously reported	**43,946**	46,957
Change in accounting policy – Adoption of HKAS 12 (Amendment)	**(28,813)**	(25,285)
Beginning of the year, as restated	**15,133**	21,672
Deferred taxation credited to the consolidated income statement *(Note 28)*	**(6,948)**	(6,805)
Deferred taxation charged to equity	**–**	1,004
Exchange differences	**(889)**	(738)
End of the year	**7,296**	15,133

20 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income 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	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Beginning of the year	**10,626**	7,133	**7,142**	9,264	**-**	1,004	**2,832**	1,951	**20,600**	19,352
Credited/(charged) to the consolidated income statement	**3,003**	3,493	**4,176**	(1,960)	**-**	–	**1,097**	881	**8,276**	2,414
Charged to equity	**-**	–	**-**	–	**-**	(1,004)	**-**	–	**-**	(1,004)
Exchange differences	**-**	–	**(48)**	(162)	**-**	–	**-**	–	**(48)**	(162)
End of the year	**13,629**	10,626	**11,270**	7,142	**-**	–	**3,929**	2,832	**28,828**	20,600

20 DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities:

	Group							
	Accelerated tax depreciation		Intangible assets		Fair value gains on investment properties		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000 (Restated)	**2013 HK$'000**	2012 HK$'000 (Restated)
Beginning of the year, as previously reported	**12,350**	13,028	**23,383**	27,996	**28,813**	25,285	**64,546**	66,309
Change in accounting policy – Adoption of HKAS 12 (Amendment)	**–**	–	**–**	–	**(28,813)**	(25,285)	**(28,813)**	(25,285)
Beginning of the year, as restated	**12,350**	13,028	**23,383**	27,996	**–**	–	**35,733**	41,024
Charged/(credited) to the consolidated income statement	**5,274**	(678)	**(3,946)**	(3,713)	**–**	–	**1,328**	(4,391)
Exchange differences	**–**	–	**(937)**	(900)	**–**	–	**(937)**	(900)
End of the year	**17,624**	12,350	**18,500**	23,383	**–**	–	**36,124**	35,733

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, 2013, the Group did not recognise deferred income tax assets in respect of losses approximately HK$311,692,000 (2012: HK$213,415,000). Tax losses amounting to approximately HK$220,701,000 (2012: HK$124,477,000) and HK$52,815,000 (2012: HK$49,082,000) 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 amounting to HK$197,438,000 (2012: HK$173,068,000) 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	
	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**172,078**	153,201
31 – 60 days	**3,079**	10,348
61 – 90 days	**1,163**	2,260
Over 90 days	**2,783**	5,441
	179,103	171,250

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
HK dollar	**137,541**	116,683
RMB	**36,118**	48,243
Canadian dollar	**5,444**	6,324
	179,103	171,250

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

22 SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares ***'000***	**Nominal value** ***HK$'000***	Number of shares *'000*	Nominal Value *HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each				
Beginning and end of the year	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
Beginning of the year	**569,557**	**56,956**	563,127	56,313
Shares issued under share option scheme *(Note 34)*	**4,510**	**451**	6,430	643
End of the year	**574,067**	**57,407**	569,557	56,956

During the year, 4,510,000 shares (2012: 6,430,000 shares) of HK$0.10 each were issued pursuant to the share option schemes of the Company at average exercise price of approximately HK$13.69 (2012: HK$12.23). Total proceed less expenses amounting to HK$61,758,000 (2012: HK$78,665,000) was used to provide the Group 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
Balance as at 1st April, 2012, as previously reported	341,876	152,034	103,222	21,079	312,630	41,195	85,197	180	2,134,629	3,192,042
Change in accounting policy – Adoption of HKAS 12 (amendment)	–	–	–	–	–	–	–	–	28,813	28,813
Balance as at 1st April, 2012, as restated	341,876	152,034	103,222	21,079	312,630	41,195	85,197	180	2,163,442	3,220,855
Proceeds from shares issued	61,307	–	–	–	–	–	–	–	–	61,307
Changes in fair value for available-for-sale financial assets	–	–	–	–	38,649	–	–	–	–	38,649
Reserve released upon disposal of available-for-sale financial assets	–	–	–	–	(581)	–	–	–	–	(581)
Actuarial losses of retirement benefit obligation	–	–	–	–	–	–	–	–	(27,616)	(27,616)
Employee share option scheme – value of employee services	–	–	–	–	–	3,722	–	–	–	3,722
Release of share-based compensation reserve to share premium upon exercise of share options	11,910	–	–	–	–	(11,910)	–	–	–	–
Transfer upon lapse of share options	–	–	–	–	–	(1,584)	–	–	1,584	–
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	–	–	5,458	–	–	–	–	–	–	5,458
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	544,947	544,947
Dividends	–	–	–	–	–	–	–	–	(354,774)	(354,774)
Balance as at 31st March, 2013	**415,093**	**152,034**	**108,680**	**21,079**	**350,698**	**31,423**	**85,197**	**180**	**2,327,583**	**3,491,967**

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
Balance as at 1st April, 2011, as previously reported	249,520	152,034	93,157	21,079	180,493	54,599	85,197	180	2,173,258	3,009,517
Change in accounting policy – Adoption of HKAS 12 (amendment)	–	–	–	–	–	–	–	–	25,285	25,285
Balance as at 1st April, 2011, as restated	249,520	152,034	93,157	21,079	180,493	54,599	85,197	180	2,198,543	3,034,802
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 a jointly controlled entity	–	–	10,065	–	–	–	–	–	–	10,065
Profit attributable to equity holders of the Company	–	–	–	–	–	–	–	–	477,329	477,329
Dividends	–	–	–	–	–	–	–	–	(492,207)	(492,207)
Balance as at 31st March, 2012, as restated	341,876	152,034	103,222	21,079	312,630	41,195	85,197	180	2,163,442	3,220,855

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
Balance as 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)
Balance as at 31st March, 2012	341,876	152,034	41,195	94,467	444,879	1,074,451
Balance as at 1st April, 2012	341,876	152,034	41,195	94,467	444,879	1,074,451
Proceeds from shares issued	61,307	–	–	–	–	61,307
Employee share option scheme – value of employee services	–	–	3,722	–	–	3,722
Release of share-based compensation reserve to share premium upon exercise of share options	11,910	–	(11,910)	–	–	–
Transfer upon lapse of share options	–	–	(1,584)	–	1,584	–
Profit attributable to equity holders of the Company	–	–	–	–	499,951	499,951
Dividends	–	–	–	–	(354,774)	(354,774)
Balance as at 31st March, 2013	**415,093**	**152,034**	**31,423**	**94,467**	**591,640**	**1,284,657**

(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

	2013	2012
	HK$'000	*HK$'000*
Sales of food and beverages	**6,265,645**	5,814,409
Rental income	**32,900**	40,917
Royalty income	**36,699**	41,929
Management and service fee income	**7,457**	8,805
Franchise income	**3,772**	3,553
Sundry income	**47,616**	46,825
	6,394,089	5,956,438

25 OTHER GAINS, NET

	2013	2012
	HK$'000	*HK$'000*
Fair value gain/(loss) on financial assets at fair value through profit or loss	**3,376**	(1,993)
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**269**	(24)
Gain on disposal of available-for-sale financial assets	**920**	3,249
Dividend income from listed investments	**13,213**	13,693
Fair value gains on investment properties	**58,800**	45,000
Gain/(loss) on disposal of property, plant and equipment, net (*Note a*)	**41,825**	(14,571)
Gain on disposal of investment property	**–**	6,142
Gain on disposal of trademark	**–**	11,387
Impairment loss of a jointly controlled entity	**(3,700)**	–
Impairment loss of property, plant and equipment	**(9,203)**	–
Impairment loss of goodwill	**(48,232)**	–
Gain on disposal of associate *(Note 11)*	**4,051**	–
	61,319	62,883

(a) Gain on disposal of property, plant and equipment comprised, among others, disposal gain of a property located in Hong Kong of HK$66,023,000. (2012: Nil)

26 EXPENSES BY NATURE

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

	2013 HK$'000	2012 HK$'000
Cost of raw materials and consumables used	**2,090,196**	1,989,670
Amortisation of leasehold land and land use rights	**3,014**	2,767
Amortisation of intangible assets	**9,742**	12,313
Depreciation of property, plant and equipment	**243,837**	228,933
Operating lease rentals in respect of rented premises (including contingent rentals of HK$43,100,000 (2012: HK$42,351,000))	**709,485**	668,137
Exchange gains, net	**(4,191)**	(13,394)
Employee benefit expense *(Note 32)*	**1,688,387**	1,512,811
Auditor's remuneration	**5,109**	4,139
Electricity, water and gas	**375,042**	359,956
Advertising and promotion expenses	**82,231**	76,366
Provision for impairment of trade receivables	**55**	123
Other expenses	**607,008**	618,866
	5,809,915	5,460,687
Representing:		
Cost of sales	**5,483,663**	5,142,737
Administrative expenses	**326,252**	317,950
	5,809,915	5,460,687

27 FINANCE INCOME

	2013 HK$'000	2012 HK$'000
Interest income	**10,966**	9,016

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% (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current income tax:		
– Hong Kong profits tax	**99,113**	86,627
– Overseas taxation	**12,562**	15,429
Deferred income tax relating to the origination and reversal of temporary differences *(Note 20)*	**(6,948)**	(6,805)
Over-provision in prior years	**(4,445)**	(4,635)
	100,282	90,616

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:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit before income tax	**646,229**	567,627
Calculated at a taxation rate of 16.5% (2012: 16.5%)	**106,628**	93,658
Effect of different taxation rates in other countries	**1,702**	2,264
Income not subject to taxation	**(26,182)**	(15,930)
Expenses not deductible for taxation purposes	**17,990**	4,741
Recognition of previously unrecognised temporary difference	**(5,223)**	(1,059)
Tax losses not recognised	**10,306**	9,842
Over-provision in prior years	**(4,445)**	(4,635)
Others	**(494)**	1,735
Taxation charge	**100,282**	90,616

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$499,951,000 (2012: HK$399,139,000).

30 DIVIDENDS

	2013 *HK$'000*	2012 *HK$'000*
Interim dividend, paid, of HK17 cents (2012: HK17 cents) per ordinary share	**97,414**	96,289
Final dividend, proposed, HK 48 cents (2012: HK45 cents) per ordinary share	**276,026**	256,997
Special dividend, proposed, HK 25 cents (2012: Nil) per ordinary share	**143,764**	–
	517,204	353,286

A final dividend of 48 HK cents per ordinary share and a special dividend of 25 HK cents per ordinary share in respect of the year ended 31st March, 2013, amounting to a total final and special dividends of approximately HK$419,790,000, were proposed. Such final and special dividends are subject to approval by the shareholders at the upcoming annual general meeting. These financial statements do not reflect these dividends 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.

	2013	2012 (Restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**544,947**	477,329
Weighted average number of ordinary shares in issue *('000)*	**572,060**	565,517
Basic earnings per share *(HK cents per share)*	**95.26 HK cents**	84.40 HK cents

(b) Diluted

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

31 EARNINGS PER SHARE *(Continued)*

(b) Diluted *(Continued)*

	2013	2012 (Restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**544,947**	477,329
Weighted average number of ordinary shares in issue *('000)*	**572,060**	565,517
Adjustment for share options *('000)*	**3,796**	4,034
	575,856	569,551
Diluted earnings per share *(HK cents per share)*	**94.63 HK cents**	83.81 HK cents

32 EMPLOYEE BENEFIT EXPENSES

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

	2013 ***HK$'000***	2012 *HK$'000*
Wages, salaries and allowances	**1,570,000**	1,405,110
Discretionary bonuses	**54,193**	44,336
Pension costs		
– Defined contribution plans	**59,786**	54,193
– Defined benefit plan *(Note 19)*	**394**	(1,597)
– Long service payments *(Note 19)*	**292**	603
Share-based compensation expenses	**3,722**	10,166
	1,688,387	1,512,811

32 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' emoluments

The remuneration of each director for the year ended 31st March, 2013 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. Lo Hoi Kwong, Sunny	50	2,091	11,229	157	–	13,527
Ms. Lo Pik Ling, Anita	50	1,057	1,857	40	–	3,004
Mr. Lo Tak Shing, Peter	50	580	516	14	29	1,189
Non-executive directors						
Mr. Chan Yue Kwong, Michael (i)	960	1,000	1,020	5	–	2,985
Mr. Lo Ming Shing, Ian	80	–	–	–	–	80
Mr. Hui Tung Wah, Samuel	80	–	–	–	–	80
Mr. Lo Tang Seong, Victor (iii)	36	–	–	–	–	36
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. Au Siu Cheung, Albert (ii)	44	–	–	–	–	44
Mr. Look Guy (iii)	90	–	–	–	–	90

32 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' emoluments *(Continued)*

The remuneration of each director for the year ended 31st March, 2012 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 (i)	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 (iii)	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 (iii)	200	–	–	–	–	200

No director waived any emolument during the year.

(i) Mr. Chan Yue Kwong, Michael was re-designated from the position of an executive director to a non-executive director of the Company on 1st April, 2012. Included in the salaries, allowances and benefits in kind was HK$1,000,000 paid/payable to Mr. Chan Yue Kwong, Michael with respect to his consultancy service to the Group in the current year.

(ii) Mr. Au Siu Cheung, Albert was appointed as director of the Company effective on 11th January, 2013.

(iii) Mr. Lo Tang Seong, Victor and Mr. Look Guy retired as directors of the Company on 11th September, 2012.

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 (2012: three) directors whose emoluments are reflected in the analysis presented in *Note 32(b)*. The emoluments payable to the remaining two (2012: two) individual during the year are as follows:

	2013 *HK$'000*	2012 *HK$'000*
Basic salaries, gratuities and other allowances	**4,421**	4,094
Discretionary bonuses	**1,216**	579
Contributions to pension schemes	**78**	77
Share-based compensation expenses	**–**	21
	5,715	4,771

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,500,001 to HK$3,000,000	**2**	1
HK$3,000,001 to HK$3,500,000	**–**	–

(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.

(e) Senior management's emoluments by band

The senior management's emoluments fell within the following bands:

	Number of individuals	
	2013	2012
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,500,001 to HK$3,000,000	**2**	1

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2013 HK$'000	2012 HK$'000
Profit before income tax	**646,229**	567,627
Adjustments for:		
– Finance income	**(10,966)**	(9,016)
– Depreciation of property, plant and equipment	**243,837**	228,933
– Amortisation of leasehold land and land use rights	**3,014**	2,767
– Amortisation of intangible assets	**9,742**	12,313
– Fair value gain on investment properties	**(58,800)**	(45,000)
– Fair value (gains)/losses on financial assets at fair value through profit or loss	**(3,376)**	1,993
– (Gains)/loss on disposal of financial assets at fair value through profit or loss	**(269)**	24
– Gains on disposal of available-for-sales financial assets	**(920)**	(3,249)
– Gain on disposal of trademark	**–**	(11,387)
– Net (gain)/loss on disposal of property, plant and equipment	**(41,825)**	14,571
– Net gain on disposal of investment properties	**–**	(6,142)
– Gain on disposal of associates	**(4,051)**	–
– Share-based compensation expenses	**3,722**	10,166
– Dividend income from listed investments	**(13,213)**	(13,693)
– Impairment loss of a jointly controlled entity	**3,700**	–
– Impairment loss of goodwill	**48,232**	–
– Impairment loss of property, plant and equipment	**9,203**	–
– Share of loss/(profit) of associates	**4,243**	(310)
– Share of loss of jointly controlled entities	**5,987**	333
Operating profit before working capital changes	**844,489**	749,930
Changes in working capital:		
– Inventories	**(32,449)**	(1,113)
– Prepayments and deposits	**(45,999)**	1,328
– Trade and other receivables	**(5,382)**	(19,556)
– Retirement benefit assets and provision for long service payments	**(4,466)**	(6,143)
– Trade payables	**7,853**	(1,163)
– Other creditors and accrued liabilities	**27,930**	94,925
Net cash generated from operations	**791,976**	818,208

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:

	2013 HK$'000	2012 HK$'000
Net book amounts *(Notes 7)*	**33,504**	18,342
Net gain/(loss) on disposal of property, plant and equipment	**41,825**	(14,571)
Proceeds from disposals of property, plant and equipment	**75,329**	3,771
Representing		
Cash received during the year	**6,929**	3,771
Cash received subsequent to 31st March, 2013	**68,400**	–
	75,329	3,771

34 SHARE OPTIONS

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the "1991 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 1991 Scheme was terminated upon the passing of a shareholders' resolution for adoption of another share option scheme on 19th September, 2000 (the "2000 Scheme"). No options can be granted under the 1991 Scheme since then. There were no outstanding options granted under the 1991 Scheme as at the date of this report. No options had been granted under the 2000 Scheme.

34 SHARE OPTIONS *(Continued)*

On 24th September, 2003, the 2000 Scheme was terminated upon the passing of a shareholders' resolution for adoption of a share option scheme (the "2003 Scheme"). Pursuant to the 2003 Scheme, the Company may grant options to the eligible participants 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 2003 Scheme.

A new share option scheme was adopted by the Company upon the passing of a shareholders' resolution on 11th September, 2012 (the "2012 Scheme"). Pursuant to the 2012 Scheme, the Board may grant options to the eligible participants to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. No share options had been granted under the 2012 Scheme since its adoption.

For options granted under the 1991 Scheme, the exercise price in relation to each option was determined by the Board of Directors of the Company, but in any event would be the higher of (i) the nominal value of the shares of the Company or (ii) an amount which is not less than 80% nor more than 100% of the average of the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotations 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 2003 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 of the Company . 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 on which the option is deemed to be granted and accepted in accordance with the 2003 scheme.

34 SHARE OPTIONS *(Continued)*

No options had been granted under the 2003 Scheme during the year (2012: Nil). For the 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.

The movements in share options are as follows:

Grant date	Exercise period	Exercise price	Beginning of the year	Granted	Exercised	Forfeited	End of the year
		HK$	*'000*	*'000*	*'000*	*'000*	*'000*
4th November, 1999	1st April, 2004 to 31st March, 2013	2.950	30	–	(30)	–	–
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	1,600	–	(400)	–	1,200
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	991	–	(347)	–	644
1st November, 2005	1st January, 2008 to 31st October, 2015	8.750	363	–	(93)	–	270
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.268	3,430	–	(335)	–	3,095
2nd October, 2007	30th March, 2008 to 29th March, 2017	14.748	6,370	–	(2,727)	(90)	3,553
2nd October, 2007	30th March, 2009 to 1st October, 2017	14.748	1,372	–	(476)	(124)	772
28th October, 2010	31st March, 2011 to 30th March, 2020	22.370	2,340	–	(70)	(160)	2,110
28th October, 2010	31st March, 2012 to 27th October, 2020	22.370	980	–	(32)	(144)	804
			17,476	–	(4,510)	(518)	12,448

Out of the 12,448,000 outstanding options (2012: 17,476,000), 10,634,000 options (2012: 14,392,000) were exercisable as at 31st March, 2013. The related weighted average share price at the time of exercise of the options during the year was HK$22.32 (2012: HK$18.55) per share.

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

At 31st March, 2013, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Land and buildings		
– Not later than one year	**619,490**	557,796
– Later than one year and not later than five years	**977,709**	928,313
– Later than five years	**120,507**	176,861
	1,717,706	1,662,970

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, 2013 and 31st March, 2012.

(b) Capital commitments

As at 31st March, 2013, the Group had the following capital commitments:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**10,205**	85,361
Authorised but not contracted for	**446,501**	519,023
	456,706	604,384

The Company did not have any capital commitment at 31st March, 2013 and 31st March, 2012.

36 FINANCIAL GUARANTEES

As at 31st March, 2013, the Company has given guarantees totalling approximately HK$536,000,000 (2012: HK$536,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

37 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2013, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**22,273**	25,300
Later than one year and not later than five years	**27,290**	21,991
Later than five years	**–**	193
	49,563	47,484

The Company did not have any future operating lease receipts as at 31st March, 2013 and 31st March, 2012.

38 RELATED PARTY TRANSACTIONS

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

	2013	2012
	HK$'000	*HK$'000*
Operating lease rentals paid to a related party:		
– Tinway Investments Limited *(Note i)*	**2,148**	1,920
Franchise and development fees paid to a related party:		
– illycaffe SpA *(Note ii)*	**507**	479
Logistics service income received from a related party:		
– Worldinn Limited *(Note iii)*	**670**	–

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.

(iii) Worldinn Limited is a wholly-owned subsidiary of Profit Sky International Limited, a 50% owned jointly controlled entity 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

	2013 ***HK$'000***	2012 *HK$'000*
Salaries and allowances	**10,618**	11,888
Fees	**1,110**	200
Discretionary bonuses	**17,247**	12,392
Contributions to pension schemes	**372**	622
Share-based compensation expense	**29**	830
	29,376	25,932

39 EVENT AFTER THE REPORTING PERIOD

On 25th May, 2013, the Group entered into a conditional agreement to dispose of a 25% equity interest in Café de Coral New Asia Group Co., Limited, an associate, at consideration of RMB 11,369,000 (approximately HK$14,223,000).

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 I, 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, 2013

	2013 *HK$'000*	2012 *HK$'000* (Restated)	2011 *HK$'000* (Restated)	2010 *HK$'000* (Restated)	2009 *HK$'000* (Restated)
Revenue	**6,394,089**	5,956,438	5,332,639	4,882,668	4,673,609
Cost of sales	**(5,483,663)**	(5,142,737)	(4,528,864)	(4,050,776)	(3,916,966)
Gross profit	**910,426**	813,701	803,775	831,892	756,643
Other gains, net	**61,319**	62,883	89,546	49,428	21,929
Administrative expenses	**(326,252)**	(317,950)	(283,706)	(274,725)	(256,896)
Operating profit	**645,493**	558,634	609,615	606,595	521,676
Finance income	**10,966**	9,016	7,298	8,262	18,425
Share of (loss)/profit of associates	**(4,243)**	310	2,645	2,330	2,262
Share of (loss)/profit of jointly controlled entities	**(5,987)**	(333)	(67)	311	(256)
Profit before income tax	**646,229**	567,627	619,491	617,498	542,107
Income tax expenses	**(100,282)**	(90,616)	(96,903)	(98,944)	(95,892)
Profit for the year	**545,947**	477,011	522,588	518,554	446,215
Allocated as:					
Profit/(loss) attributable to non-controlling interests	**1,000**	(318)	(6)	(503)	(288)
Profit attributable to equity holders of the Company	**544,947**	477,329	522,594	519,057	446,503
Dividends	**517,204**	353,286	490,747	347,208	377,547
Basic earnings per share	**95.26 HK cents**	84.40 HK cents	93.05 HK cents	93.21 HK cents	80.61 HK cents
Diluted earnings per share	**94.63 HK cents**	83.81 HK cents	91.94 HK cents	92.37 HK cents	80.08 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March,

	2013 *HK$'000*	2012 *HK$'000* (Restated)	2011 *HK$'000* (Restated)	2010 *HK$'000* (Restated)	2009 *HK$'000* (Restated)
Assets					
Non-current assets					
Leasehold land and land use rights	**94,411**	97,143	67,810	69,058	70,417
Property, plant and equipment	**1,672,430**	1,482,562	1,175,764	1,033,870	903,805
Investment properties	**385,000**	326,200	316,200	266,100	230,800
Intangible assets	**111,579**	172,652	190,676	190,848	166,053
Investments in associates	**11,780**	18,505	21,271	20,578	6,239
Investments in jointly controlled entities	**24,372**	11,060	4,240	4,118	34,521
Deferred income tax assets	**24,320**	18,075	14,160	6,832	19,974
Retirement benefit assets	**–**	–	14,361	20,412	–
Available-for-sale financial assets	**451,087**	417,667	324,052	351,695	199,590
Non-current prepayments and deposits	**268,633**	229,505	228,369	197,791	152,218
Financial assets at fair value through profit or loss	**33,094**	14,745	38,392	30,294	–
	3,076,706	2,788,114	2,395,295	2,191,596	1,783,617
Current assets					
Inventories	**204,548**	172,099	170,986	110,370	100,295
Trade and other receivables	**147,671**	73,889	54,333	56,149	58,823
Prepayments and deposits	**124,966**	99,070	101,534	105,773	96,822
Financial assets at fair value through profit or loss	**56,077**	55,135	65,902	69,954	37,023
Bank deposits with maturity over three months	**31,076**	31,033	–	–	–
Cash and cash equivalents	**772,694**	854,417	993,333	968,559	894,369
	1,337,032	1,285,643	1,386,088	1,310,805	1,187,332
Total assets	**4,413,738**	4,073,757	3,781,383	3,502,401	2,970,949

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March,

	2013 *HK$'000*	2012 *HK$'000* (Restated)	2011 *HK$'000* (Restated)	2010 *HK$'000* (Restated)	2009 *HK$'000* (Restated)
Liabilities					
Non-current liabilities					
Deferred income tax liabilities	**31,616**	33,208	35,832	39,284	46,558
Provision for long service payments	**19,680**	9,872	14,249	8,255	15,512
Retirement benefit liabilities	**25,670**	12,328	–	–	20,176
	76,966	55,408	50,081	47,539	82,246
Current liabilities					
Trade payables	**179,103**	171,250	172,413	147,969	117,601
Other creditors and accrued liabilities	**563,216**	535,286	440,361	399,603	348,738
Current income tax liabilities	**42,808**	32,731	25,824	35,271	33,977
	785,127	739,267	638,598	582,843	500,316
Total Liabilities	**862,093**	794,675	688,679	630,382	582,562
Equity					
Capital and reserve attributable to the equity holders of the Company					
Share capital	**57,407**	56,956	56,313	55,887	55,558
Other reserves	**1,164,384**	1,057,413	836,259	775,767	541,940
Retained earnings	**2,327,583**	2,163,442	2,198,543	2,038,770	1,788,791
	3,549,374	3,277,811	3,091,115	2,870,424	2,386,289
Non-controlling interests	**2,271**	1,271	1,589	1,595	2,098
Total equity	**3,551,645**	3,279,082	3,092,704	2,872,019	2,388,387
Total equity and liabilities	**4,413,738**	4,073,757	3,781,383	3,502,401	2,970,949

Note: The Group adopted HKAS12 (Amendment) for the years ended 31st March, 2013. Figures as at 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March, 2009 have been restated as required.

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