CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

Website: **http:// www.cafedecoral.com**

(Stock Code: 341)

2006/2007 FINAL REPORT TO SHAREHOLDERS

HIGHLIGHTS

- **Continuous turnover growth for the 20th consecutive year with an increase of 1,400% since listing.**

- **A double-digit growth in profits for the 3rd consecutive year to historical high of HK$370 million.**

- **Record-high development expansion in Hong Kong, together with a remarkable performance growth in Southern China and substantial business improvement in North America.**

- **Enhanced commitment on food processing infrastructure and the establishment of an "Executive Development Board" for sustainable corporate growth.**

- **For the 12th consecutive year, shareholders' value was enhanced with another dividend per share increase.**

CHAIRMAN'S STATEMENT

Business Performance

For the year ended 31st March, 2007, the Group recorded another encouraging growth in terms of both turnover and profit attributable to shareholders. Profit attributable to shareholders has for the 3rd consecutive year attained a double-digit growth to HK$370 million. As compared with that of last year, turnover was substantially increased to HK$3.89 billion after consolidating, for the first time, the full year results of our wholly-owned subsidiary of Manchu Wok.

To share the joy of our sustainable growth with our shareholders, I would recommend to the Board to propose a final dividend of 30 HK cents per share. Together with the interim dividend paid earlier, a total dividend of 42 HK cents per share would have been repatriated to our shareholders for the whole year, with substantial increase of 20%, representing an ever-increasing dividend payout ratio of 62%.

Business Review

Over the years, the Group's business horizon has kept on expanding both in business portfolio, customer base and geographical coverage, tapping into strategic growth markets here in Hong Kong as well as in the People's Republic of China and North America.

In our familiar home territory here in Hong Kong, our core businesses in the quick service and the specialty restaurant sectors continued to prosper. Our long established brands such as **Café de Coral** and **The Spaghetti House,** through aggressive marketing campaigns and development program, have gained much solid ground both in market share and brand preference. It was gratifying to witness the fruit bearing effort of our innovative product launches and marketing initiatives, which together contribute to the encouraging performance of our various restaurant brands in Hong Kong both in terms of volume and value.

Indeed, the encouraging performance in the local restaurant sectors in year 2006 were aided by the buoyant sentiment in the capital and consumer markets. Capitalizing on such improved business environment, and riding on our own branding power and long-established business reputation, we further accelerated the pace of our branch development in Hong Kong by opening a record high of 23 new outlets in the year, maintaining a firm grip of our market leadership in an ever-increasingly competitive landscape.

On the institutional front, our **Luncheon Star** has also firmly secured its market leading position in the school catering sector. Being accredited with "HACCP", "ISO 9001" and the strictest "ISO 22000" food safety system, which is the first of its kind in the Hong Kong school catering industry, **Luncheon Star** not only has become an established preference among parents and teachers in the selection of school meal caterers, but has also clearly demonstrated our commitment to the food safety and corporate responsibility to the local community.

In the PRC, we continued with our proactive expansion initiatives in this market. As of today, the total number of our operating units in China is well over 133. Encouraged by the performance of our **Café de Coral** in the Southern China region both in the first and second tier cities, we adhere to our aggressive branch development program by bringing the total number of stores in the region to 31, where it has now become not only a sizable business growth platform but has developed as another meaningful profit contributor to the Group.

In Eastern China, we are encouraged to witness a significant business improvement in our 50% owned restaurant chain **New Asia Dabao**. At the same time, we have also commenced a development program for **Café de Coral** in the region, which at this stage have inevitably incurred certain one-off pre-opening expenses and development costs. Despite the initial growing pain, we remained positive and committed to this business platform as it is an indispensable development strategy for unlocking the vast business potential in the Yangtze River Delta Region.

Across the ocean, we are pleased to report substantial improvement in our North American business **Manchu Wok**. The substantial reduction in loss is a positive signal for us that we are heading toward the right direction in turning around the business. We have decided to take this opportunity to further write-off certain assets as we believe that it would be of long term benefits to all our stakeholders to adopt the most stringent and prudent accounting principle. The loss sustained by this business has drastically reduced for the year as compared with the year before. In fact, on the operating level, we have already witnessed an encouraging business turnaround with a slight profitability. As we are moving in the right direction, we envisage that our North American business will be a market of great potential for the Group in the years ahead.

Business Strategies

Throughout the years, we have never let go of our relentless effort to explore the opportunities presented to us and create value to our customers in various segments of the catering industry, at home and abroad. Our strategies are aimed to enlarge our market share in the catering industry as a whole and to establish a balanced business portfolio against waves of fierce competition.

We remain committed to sustainable growth in our group of business and adhere to our core competence in the restaurant business to tap into the growing catering industry in Hong Kong and abroad. The Group's recent acquisition of a strategic stake in the "Tao Heung", a leading Chinese restaurant group here in Hong Kong and Southern China, exemplifies our continuing effort in this regard.

As encouraged by the business performance both in Hong Kong and in Southern China, we decide to devote more resources on our back up infrastructures for our rapid development in the region. In addition to the aggressive branch development program which has already been in place, we are fully aware of the need to expand on our 17 years old central food processing plant, in order to satisfy the ever-growing market demand for our business in the region. To this end, we are rigorously looking for suitable site to establish a new central food processing plants both in Hong Kong and in the Pearl River Delta Region. We believe that these much-needed infrastructures would enhance our competitive edge in the short run and our market dominance in the longer term.

In June, 2007, the Group has acquired approximately 6,500 sq. feet property in Admiralty Centre, Hong Kong at a total consideration of HK$60 million. The Group aims to continue its policy of securing sites at strategic location on a self-owned basis. The acquisition not only opens up another stream of rental revenue to the Group but also alleviates us from the soaring rental escalation which we would anticipate at this strategic location.

Business Governance

Maintaining high standard of corporate governance is one of the key elements to success for any business enterprise. The Group will continue to promote a committed culture of corporate governance so as to reflect the fundamental values underlying the principles of accountability, transparency and independency. I would like to draw your attention to the section "Corporate Governance and Corporate Responsibility Report" of the Company's 2007 Annual Report for details about the Group's attainment on corporate governance during the year.

As always, people are key to deliver excellence in business. We have set up an independent "Executive Development Board" for purpose of succession planning and for selecting and equipping our people with the skill-sets and business perspective for a sustainable development growth in our various global business platforms.

To conclude, I would like to express my heartfelt gratitude to every member of our staff and management. Without their commitment and perseverance during the past year, it is not possible for the Group to achieve another milestone in our business performance.

Chan Yue Kwong, Michael

Chairman

Hong Kong, 10th July, 2007

RESULTS

The board of directors is pleased to announce the audited consolidated results of Café de Coral Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st March, 2007, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2007

	Note	**2007** ***HK$'000***	2006 *HK$'000* As restated
Revenue	*4*	**3,885,151**	**3,440,493**
Cost of sales		(3,234,421)	(2,903,642)
Gross profit		650,730	536,851
Other gains, net	*5*	10,385	14,254
Administrative expenses		(238,804)	(160,021)
Operating profit		**422,311**	**391,084**
Finance income	*7*	34,859	31,695
Finance costs	*7*	(3,676)	(4,695)
Share of profit of associates		2,269	2,663
Share of loss of jointly controlled entities		(2,857)	(27,863)
Profit before income tax		**452,906**	**392,884**
Income tax expense	*8*	(82,839)	(73,031)
Profit attributable to equity holders of the Company		**370,067**	**319,853**
Dividends	*9*	230,181	298,926
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic	*10*	**67.95 HK cents**	**59.24 HK cents**
- Diluted	*10*	66.95 HK cents	58.47 HK cents

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2007

	Note	2007 HK$'000	2006 HK$'000 As restated
ASSETS			
Non-current assets			
Leasehold land and land use rights		308,788	338,976
Property, plant and equipment		491,978	468,396
Investment properties		155,200	122,450
Intangible assets		213,068	223,427
Investments in associates		4,357	4,188
Investments in jointly controlled entities		32,195	30,260
Available-for-sale financial assets		267,398	173,106
Held-to-maturity investments		8,837	5,466
Deferred income tax assets		12,647	13,224
Non-current deposits		107,079	99,723
Retirement benefit assets		31,736	12,243
		1,633,283	1,491,459
Current assets			
Inventories		74,413	69,008
Trade and other receivables	*11*	44,145	48,110
Prepayments, deposits and other current assets		87,811	52,213
Financial assets at fair value through profit or loss		98,720	93,011
Cash and cash equivalents		546,655	559,506
		851,744	821,848
Total assets		2,485,027	2,313,307
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		65,121	64,158
Provision for long service payments		4,377	4,102
		69,498	68,260
Current liabilities			
Trade payables	*12*	94,741	78,977
Other creditors and accrued liabilities		300,463	258,036
Current income tax liabilities		23,858	24,641
		419,062	361,654
Total liabilities		488,560	429,914

CONSOLIDATED BALANCE SHEET *(Continued)*
AS AT 31ST MARCH, 2007

	Note	**2007** *HK$'000*	2006 *HK$'000* As restated
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		54,593	54,081
Other reserves	*13*	354,008	312,821
Retained earnings	*13*		
- Proposed dividends		164,791	244,899
- Others		1,423,075	1,271,592
Total equity		1,996,467	1,883,393
Total equity and liabilities		2,485,027	2,313,307
Net current assets		432,682	460,194
Total assets less current liabilities		2,065,965	1,951,653

Notes:-

1 BASIS OF PREPARATION

The consolidated financial statements of Café de Coral Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2 ACCOUNTING POLICIES

(a) Amendments and interpretations to published standards effective from accounting periods beginning on 1st April, 2006 and are relevant to the Group’s operations

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 and are relevant to the Group’s operations:

- HKAS 19 Amendment – Employee Benefits. The adoption of HKAS 19 Amendment provides an option of recognising actuarial gains and losses in full in the year in which they occur, outside profit and loss account, in reserves. The Group has elected to take the option to recognise all actuarial gains and losses, including those actuarial gains and losses previously included as part of the transitional unrecognised liabilities on initial adoption of HKAS 19, Employee Benefits. In prior years, cumulative unrecognised actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognised in the income statement over the average remaining service lives of employees. The change in accounting policy has been applied retrospectively.

2 ACCOUNTING POLICIES (CONTINUED)

The effect of adopting the HKAS 19 Amendment on the financial statements as at 31st March, 2007 and 31st March, 2006 and for the year then ended are shown below:

	2007	2006
	HK$'000	*HK$'000*
Decrease in retirement benefits obligations	**(39,185)**	(24,697)
Increase in deferred income tax liabilities	**7,002**	4,467
Increase in retained earnings	**32,183**	20,230

- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial Guarantee Contracts" (effective for annual periods beginning on or after 1st January, 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

- HK(IFRIC)-Int 4 "Determining Whether an Arrangement Contains a Lease" (effective for annual periods beginning on or after 1st January, 2006). It requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (i) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (ii) the arrangement conveys a right to use the asset. The adoption of this interpretation does not have a significant impact on the Group's financial statements.

  HKAS 21 Amendment "Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1st January, 2006). This amendment permits inter-company loans denominated in any currency to be part of a net investment in a foreign operation, and therefore any relating exchange difference to be treated as equity in the consolidated financial statements. Previously such loans had to be denominated in the functional currency of one of the parties to the transactions. The adoption of this amendment does not have a significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES (CONTINUED)

(b) New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group

The following are the new standards and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1st May, 2006 or later periods which have not been early adopted by the Group:

- HKFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1st January, 2007), HKAS 1 "Amendments to capital disclosures" (effective for annual periods beginning on or after 1st January, 2007). HKFRS 7 introduces new disclosures relating to financial instruments. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will adopt HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1st April, 2007.

- HKFRS 8 "Operating Segments" (effective for accounting periods beginning on or after 1st January, 2009). HKFRS 8 supersedes HKAS 14, "Segment Reporting", which requires segments to be reported based on the Group's internal reporting pattern as they represent components of the Group regularly reviewed by management. Management considers the adoption of HKFRS 8 will have no significant impact on the segment disclosures of the Group. The Group will apply HKFRS 8 from 1st April, 2009.

- HK(IFRIC)-Int 8 "Scope of HKFRS 2" (effective for annual periods beginning on or after 1st May, 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1st April, 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements.

2 ACCOUNTING POLICIES (CONTINUED)

- HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1st June, 2006). Management believes that this interpretation should not have significant impact on the Group's accounting polices as the Group has already assessed whether embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9. The Group will apply HK(IFRIC)-Int 9 from 1st April, 2007.

- HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment" (effective for annual periods beginning on or after 1st November, 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1st April, 2007, but it is not expected to have any significant impact on the Group's financial statements.

- HK(IFRIC)-Int 11 "HKFRS 2 – Group and Treasury Share Transfer" (effective for annual periods beginning on or after 1st April, 2007). This interpretation addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from 1st April, 2007 but it is not expected to have any significant impact on the Group's financial statements.

(c) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations

The following interpretation to existing standard has been published that is mandatory for the accounting period beginning on or after 1st January, 2008 and is not relevant for the Group's operations:

2 ACCOUNTING POLICIES (CONTINUED)

- HK(IFRIC)-Int 12 "Service Concession Arrangements" (effective for annual accounting periods beginning on or after 1st January, 2008). This interpretation sets out general principles on recognising and measuring the obligation and related rights in service concession arrangements. The Group has no service concession arrangements and management considers the interpretation is not relevant to the Group.

(d) *Standards, amendments and interpretations effective from accounting periods beginning on 1st April, 2006 but not relevant to the Group's operations*

The following standards, amendment and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 but are not relevant to the Group's operations:

- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions.
- HKFRS 1 Amendment – First-time adoption of Hong Kong Financial Reporting Standards.
- HK(IFRIC)-Int 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- HK(IFRIC)-Int 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.
- HK(IFRIC)-Int 7 – Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economics.

3 SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

At 31st March, 2007, the Group's business activities are conducted predominantly in Hong Kong, Mainland China and North America.

The segment results for the year ended 31st March, 2007 are as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues				
Total segment revenue	3,310,270	314,580	320,067	3,944,917
Inter-segment revenue	(1,919)	(57,847)	-	(59,766)
Revenue	3,308,351	256,733	320,067	3,885,151
Segment result	409,131	36,793	(23,613)	422,311
Finance income	33,404	1,224	231	34,859
Finance costs	(3,093)	(583)	-	(3,676)
Share of profit of associates	2,269	-	-	2,269
Share of loss of jointly controlled entities	-	(2,857)	-	(2,857)
Profit before income tax				452,906
Income tax expense				(82,839)
Profit attributable to the equity holders of the Company				370,067

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2007			
	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	126,148	13,506	12,964	152,618
Amortisation of intangible assets	2,703	-	7,656	10,359
Amortisation of leasehold land and land use rights	5,016	1,688	-	6,704
Impairment of property, plant and equipment	-	-	7,790	7,790
Loss on disposal of property, plant and equipment	2,390	-	5,374	7,764

3 SEGMENT INFORMATION (CONTINUED)

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

The segment assets and liabilities at 31st March, 2007 and capital expenditure for the year then ended are as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**North America** *HK$'000*	**Group** *HK$'000*
Segment assets	1,518,550	258,964	283,359	2,060,873
Associated companies	4,357	-	-	4,357
Jointly controlled entities	-	32,195	-	32,195
	1,522,907	291,159	283,359	2,097,425
Unallocated assets				387,602
Total assets				2,485,027
Segment liabilities	321,040	38,472	40,069	399,581
Unallocated liabilities				88,979
Total liabilities				488,560
Capital expenditure	151,123	31,079	6,172	188,374

3 SEGMENT INFORMATION (CONTINUED)

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

The segment results for the year ended 31st March, 2006 are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment revenues				
Total segment revenue	3,120,159	258,995	134,884	3,514,038
Inter-segment revenue	(1,651)	(71,894)	-	(73,545)
Revenue	3,118,508	187,101	134,884	3,440,493
Segment result	367,779	24,638	(1,333)	391,084
Finance income	31,366	329	-	31,695
Finance costs	(1,938)	(112)	(2,645)	(4,695)
Share of profit of associates	2,663	-	-	2,663
Share of loss of jointly controlled entities	-	(5,138)	(22,725)	(27,863)
Profit before income tax				392,884
Income tax expense				(73,031)
Profit attributable to the equity holders of the Company				319,853

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2006			
	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Depreciation	120,764	11,524	5,148	137,436
Amortisation of intangible assets	2,703	-	3,190	5,893
Amortisation of leasehold land and land use rights	5,399	1,554	-	6,953
Impairment of property, plant and equipment	445	-	-	445
Loss on disposal of property, plant and equipment	4,834	-	-	4,834

3 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – geographical segments

The segment assets and liabilities at 31st March, 2006 and capital expenditure for the year then ended are as follows:

	Hong Kong	**Mainland China**	**North America**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,497,041	213,446	283,565	1,994,052
Associated companies	4,188	-	-	4,188
Jointly controlled entities	-	30,260	-	30,260
	1,501,229	243,706	283,565	2,028,500
Unallocated assets				284,807
Total assets				2,313,307
Segment liabilities	287,351	23,477	30,287	341,115
Unallocated liabilities				88,799
Total liabilities				429,914
Capital expenditure	111,837	24,148	272,879	408,864

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

Segment liabilities comprise operating liabilities and borrowing. They exclude items such as taxation.

Capital expenditure comprises additions to leasehold land and land use rights, property, plant and equipment, investment properties and intangible assets, including additions resulting from acquisitions through business combinations.

3 SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – business segment

No segment analysis by business segment is presented as the Group principally operates in one business segment, which is the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains.

4 REVENUE

	2007	2006
	HK$'000	*HK$'000*
Sales of food and beverages	**3,774,598**	3,370,946
Rental income	**30,729**	27,759
Royalty income	**43,081**	20,090
Management and service fee income	**3,459**	3,488
Franchise income	**3,745**	1,340
Sundry income	**29,539**	16,870
	3,885,151	3,440,493

5 OTHER GAINS, NET

	2007	2006
	HK$'000	*HK$'000*
Fair value gains on financial assets at fair value through profit or loss	**1,990**	3,925
Gain/(loss) on disposals of:		
- Financial assets at fair value through profit or loss	**1,145**	4,060
- Available-for-sale financial assets	**-**	(5,781)
Fair value gains on investment properties	**7,250**	12,050
	10,385	14,254

6 EXPENSES BY NATURE

	2007	2006
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**6,704**	6,953
Amortisation of intangible assets (included in administrative expense)	**10,359**	5,893
Depreciation of property, plant and equipment	**152,618**	137,436
Net loss on disposal of property, plant and equipment	**7,764**	4,834
Provision for impairment of property, plant and equipment	**7,790**	445

7 FINANCE INCOME AND COSTS

	2007	2006
	HK$'000	*HK$'000*
Finance income – interest income	**34,859**	31,695
Finance cost – interest expense on bank loans and overdrafts	**(3,676)**	(4,695)
Net finance income	**31,183**	27,000

8 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2007	2006
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**71,961**	65,043
- Overseas taxation	**12,557**	6,974
Deferred income tax (credited)/ charged relating to the origination and reversal of temporary differences	**(1,033)**	814
(Over)/ under-provision in prior years	**(646)**	200
	82,839	73,031

9 DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim, paid, of 12 HK cents (2006: 10 HK cents) per ordinary share	**65,390**	54,027
Final, proposed, 30 HK cents (2006: 25 HK cents) per ordinary share	**164,791**	136,055
Special, proposed, Nil (2006: 20 HK cents) per ordinary share	**-**	108,844
	230,181	298,926

A final dividend of 30 HK cents per ordinary share in respect of 2006/07, amounting to a total final dividend of approximately HK$164,791,000 was proposed. The financial statements do not reflect this dividend payable.

10 EARNINGS PER SHARE

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.

	2007	2006
		As restated
Profit attributable to equity holders of the Company *(HK$'000)*	**370,067**	319,853
Weighted average number of ordinary shares in issue *('000)*	**544,640**	539,963
Basic earnings per share *(HK cents per share)*	**67.95 HK cents**	59.24 HK cents

Diluted

Diluted earnings per share is calculated 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 done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to 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.

10 EARNINGS PER SHARE (CONTINUED)

	2007	2006 As restated
Profit attributable to equity holders of the Company *(HK$'000)*	**370,067**	319,853
Weighted average number of ordinary shares in issue *('000)*	**544,640**	539,963
Adjustments for share options *('000)*	**8,113**	7,050
	552,753	547,013
Diluted earnings per share *(HK cents per share)*	**66.95 HK cents**	58.47 HK cents

11 TRADE AND OTHER RECEIVABLES

	2007 *HK$'000*	2006 *HK$'000*
Trade receivables	**23,991**	30,930
Less: provision for impairment of receivables	**(3,347)**	(4,021)
Trade receivables - net	**20,644**	26,909
Other receivables	**23,501**	21,201
	44,145	48,110

The Group's sales to customers are mainly on a cash basis. The Group also grants a credit period between 30 to 90 days to certain customers for the provision of the Group's institutional catering services, sale of merchandise for the Group's food manufacturing businesses and its franchisees.

	2007 *HK$'000*	2006 *HK$'000*
0 - 30 days	**12,010**	13,828
31 - 60 days	**4,705**	5,892
61 - 90 days	**992**	1,027
Over 90 days	**6,284**	10,183
	23,991	30,930

12 TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 - 30 days	**83,489**	71,924
31 - 60 days	**4,441**	3,412
61 - 90 days	**1,810**	892
Over 90 days	**5,001**	2,749
	94,741	78,977

13 RESERVES

	Share premium	**Capital redemption reserve**	**Exchange translation reserve**	**Capital reserve**	**Investment reserve**	**Share based compensation reserve**	**Contributed surplus**	**Revaluation reserve**	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2005, as previously reported	43,124	152,034	6,864	(2,470)	-	-	85,197	-	1,338,533	1,623,282
Actuarial gains of retirement benefit obligation upon the adoption of HKAS 19 (Amendment)	-	-	-	-	-	-	-	-	18,853	18,853
Deferred income tax effect on actuarial gains of retirement benefit obligation upon the adoption of HKAS 19 (Amendment)	-	-	-	-	-	-	-	-	(3,444)	(3,444)
At 1st April, 2005, as restated	43,124	152,034	6,864	(2,470)	-	-	85,197	-	1,353,942	1,638,691
Proceeds from shares issued	14,381	-	-	-	-	-	-	-	-	14,381
Acquisition of subsidiaries	-	-	-	23,549	-	-	-	-	-	23,549
Changes in fair value for available-for-sale financial assets	-	-	-	-	(8,875)	-	-	-	-	(8,875)
Actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	5,844	5,844
Deferred income tax effect on actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	(1,023)	(1,023)
Employees shares option scheme –value of employee services	-	-	-	-	-	3,449	-	-	-	3,449
Exchange differences arising on consolidation	-	-	(4,432)	-	-	-	-	-	-	(4,432)
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	319,853	319,853
Dividends	-	-	-	-	-	-	-	-	(162,125)	(162,125)
At 31st March, 2006	57,505	152,034	2,432	21,079	(8,875)	3,449	85,197	-	1,516,491	1,829,312

13 RESERVES (CONTINUED)

	Share premium	Capital redemption reserve	Exchange translation reserve	Capital reserve	Investment reserve	Share based compensation reserve	Contributed surplus	Revaluation reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2006	57,505	152,034	2,432	21,079	(8,875)	3,449	85,197	-	1,516,491	1,829,312
Proceeds from shares issued	20,321	-	-	-	-	-	-	-	-	20,321
Changes in fair value for available-for-sale financial assets	-	-	-	-	7,408	-	-	-	-	7,408
Actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	14,488	14,488
Deferred income tax effect on actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	(2,535)	(2,535)
Employees shares option scheme –value of employee services	-	-	-	-	-	7,515	-	-	-	7,515
Release of share based compensation reserve to share premium upon share option exercised	1,417	-	-	-	-	(1,417)	-	-	-	-
Exchange differences arising on consolidation	-	-	5,763	-	-	-	-	-	-	5,763
Changes in fair value for transfer of properties, plant and equipment and leasehold land and land use rights to investment properties, net of tax	-	-	-	-	-	-	-	180	-	180
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	370,067	370,067
Dividends	-	-	-	-	-	-	-	-	(310,645)	(310,645)
At 31st March, 2007	79,243	152,034	8,195	21,079	(1,467)	9,547	85,197	180	1,587,866	1,941,874

14 COMMITMENTS

Capital commitments

As at 31st March, 2007, the Group had the following capital commitments:

	2007	2006
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**12,858**	10,468
Authorised but not contracted for	**118,942**	120,717
	131,800	131,185

FINAL DIVIDEND

In recognition of the long term support of our shareholders, the Directors recommended a final dividend of 30 cents (2006: 25 cents) per share, resulting in a total dividend of 42 cents (2006: 55 cents) per share for the year ended 31^{st} March, 2007, to those persons registered as shareholders on 11^{th} September, 2007. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid on 5^{th} October, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 11th September, 2007 to Tuesday, 18th September, 2007 (both days inclusive) during which period no transfers of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 10th September, 2007.

FINANCIAL REVIEW

The Group's financial position, as at 31^{st} March, 2007, continues to be very strong, with a net cash of close to about HK$547 million and available banking facilities of HK$836 million.

As at 31^{st} March, 2007, the Group did not have any external borrowing (2006: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (2006: Nil). There has been no material change in contingent liabilities or charges on assets since 31^{st} March, 2006.

As at 31^{st} March, 2007, the Company has given guarantees approximately HK$836,000,000 (2006: HK$836,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31st March, 2007.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Appendix 14 – Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the financial year ended 31st March, 2007, except for the deviation from Code Provision A.2.1.

Code Provision A.2.1

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

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

REVIEW OF THE RESULTS

The Audit Committee has reviewed with directors the accounting principles and the practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the annual results, related to the preparation of the 2006/2007 annual report.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the financial statements set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter as executive directors; Mr. Lo Tang Seong, Victor, Mr. Lo Hoi Chun and Mr. Hui Tung Wah, Samuel as non-executive directors; Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry as independent non-executive directors.