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)

INTERIM REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

HIGHLIGHTS

- **Both revenue and profit registered another double-digit growth with six months profit exceeding the HK$200 million mark.**

- **Record-breaking pace of the Group's branch development with openings of 31 new outlets in six months.**

- **Development target achieved in building a sizable growth platform of over 50 Café de Coral restaurants in Southern China within the year.**

- **Construction of the two purpose-built central food processing plants expected completion by 2010.**

- **To celebrate the Group's 40th Anniversary, the Board of Directors resolved to double the interim dividend payment to HK$ 30 cents per share.**

CHAIRMAN'S STATEMENT

The period under review marks the Group's 40th Anniversary and is undoubtedly the most challenging period the Group has ever experienced since our founding in 1968.

Amidst the global financial storm, many of the retail businesses are being adversely affected with massive write-offs, profit erosion and staff attrition. Notwithstanding the adversity, I am glad to report that the Group was able to embrace the challenges by posting another solid interim results for the six months ended 30th September, 2008. Turnover and profit attributable to shareholders reached HK$2.34 billion and HK$201 million, both representing a double-digit growth of 12% and 15% respectively as compared to last year.

To repatriate enhanced value to our shareholders and to celebrate the Group's 40th Anniversary, the Board resolved to distribute an interim dividend of 15 HK cents per share together with an equivalent special dividend of 15 HK cents per share to shareholders whose names appear on the register of members of the Company on 5th January, 2009.

Hong Kong Business Platform

As you are all well aware of, the local catering environment has long been confronted with escalating operating pressure in rental and raw material cost in the past year, well before the onslaught of the world-wide financial storm. The encouraging performance of our **Café de Coral** fast food business in Hong Kong is by no means a gift of luck but shows our competitiveness and defensiveness in this challenging environment.

Much of our growth performance was in fact attributed to our innovative product offerings, flexible pricing strategy coupled with a highly successful new advertising campaign, which ultimately contributed to our strong branding and pricing power, encouraging volume increase and continuous margin improvement. Indeed, our relentless efforts in promoting our brand preference and awareness over the years is being recognized by the recent award of the "2008 Top Service Award" and the "PRC Consumer's Most Favourable Hong Kong Brand" Gold Award.

For the six months under review, our Group has also achieved a record-breaking pace of branch development by opening a total of 19 new outlets in Hong Kong. All these new outlets, operating under our various restaurant brands, are able to deliver satisfactory performance after their openings. This aggressive branch development not only exemplifies our confidence in riding over the challenges ahead, it also demonstrates our branding power in securing strategic locations for these new outlets.

To support our growing local business, a state-of-the-art central food processing plant is now under construction at the Tai Po Industrial Estate, Hong Kong, at a cost of approximately HK$250 million. Upon completion, not only our production capacity would be substantially enhanced to cope with our continuous expansion, but would increase the operational efficiency of our business with ultimate margin improvement.

PRC Business Platform

In Southern China, we continue with our proactive branch development program. Having built a scalable business platform in the Pearl River Delta Region, our **Café de Coral** fast food business has now become another major growth driver of our business, contributing meaningful profit to the Group.

In addition, I am glad to report that as of today, the number of our **Café de Coral** outlets in Southern China reaches no less than 50 outlets, successfully achieving our target as we previously set. Having said that, we remain committed in pursuing our aggressive branch development strategy in this region, with a view to solidify this growth platform of ours into a formidable market leader position, in order to capture the enormous potential this market segment has to offer.

At the same time, we are now constructing a self-owned central food processing plant in Guangzhou budgeted at HK$150 million which we believe, would become a powerful logistics backup in addressing the production throughput and the staff training needs of our rapid development and program in this very important region.

In Eastern China, as reported in my last annual statement, the restaurant chain of **New Asia Dabao** has finally achieved a profit turn-around after years of dedicated effort in fine tuning its business model. Riding on the successful learning experience in this region, we opine that it may now be the right time for us to refocus our energy to build up our own **Café de Coral** restaurant brand in the strategic Yangtze River Delta Region, much as what we have achieved in the Pearl River Delta Region.

North America Business Platform

Across the Ocean, **Manchu Wok** has been improving on its operating performance and business results. Since implementing the 3-year consolidation program, we are now into the last phase of the program where we have been finalizing our efforts in closing and disposing certain of our stores in the loss-making regional market during the six months under review. Other than the one-time write offs and compensation to the landlords, these consolidation initiatives are by large a necessary strategy in the process towards an ultimate business turn-around.

In addition to the consolidation measures, we are also actively exploring the growth potential in certain captive markets by working closely with our strategic master franchisees. While we are facing the general economic downturn in North America, we are undaunted in identifying any opportunity to grow our business in this challenging environment.

Looking Ahead

Despite the negative impact to the local and global economy as a result of the recent financial turmoil, which is believed to be subsisting for the next one to two years, we remain confident to our business outlooks in the years to come and we are well positioned to seize any opportunities for growth both organically or by way of mergers and acquisition.

We believe our two purpose-built central processing plants will be in place by 2010, which when in full operation, would greatly enhance our production capacity as well as our operational efficiency. While the Group would adopt a more conservative financial investment strategy in face of the volatile financial environment, consolidation of the retail sector may also release more retail space for our further expansion.

In the face of the current global economic uncertainties, we remain cautiously optimistic to our businesses in the years to come. We have not forgotten the history of the 1998 Asian financial crisis where we have sailed through the storm unscathed nor have we forgotten the experience of the 2003 SARS epidemic, where we have risen above the sudden market adversity and emerge as a stronger entity. As we turn our attention to the challenges and opportunities ahead, I am convinced that given the experience we have, the resilience our people possessed, and the management calibre we have so far demonstrated, we would confidently turn crisis into opportunities to continue deliver the results our shareholders have expected of us.

By order of the Board
Chan Yue Kwong, Michael
Chairman

Hong Kong, 9th December, 2008

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

	Note	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)	**Growth**
Revenue	**4**	**2,342,213**	**2,085,381**	**+ 12%**
Cost of sales		(1,993,845)	(1,782,055)	
Gross profit		348,368	303,326	
Administrative expenses		(113,386)	(112,219)	
Other (losses)/gains, net	5	(5,930)	3,301	
Operating profit	**6**	**229,052**	**194,408**	**+ 18%**
Finance income	7	10,026	17,687	
Finance costs	7	-	(134)	
		239,078	211,961	
Share of profit/(loss) of				
- Associates		1,250	1,228	
- Jointly controlled entities		805	(368)	
Profit before income tax		**241,133**	**212,821**	
Income tax expense	8	(40,802)	(37,723)	
Profit for the period		200,331	175,098	
Allocated as:				
Loss attributable to minority interest		(305)	-	
Profit attributable to equity holders of the Company		**200,636**	**175,098**	**+ 15%**
Earnings per share for profit attributable to the equity holders of the Company, expressed in HK cents per share				
- Basic	**9**	**36.26 HK cents**	**31.88 HK cents**	
- Diluted	9	35.99 HK cents	31.53 HK cents	
Dividends	10			
- Interim		83,121	82,622	
- Special		83,121	-	
		166,242	82,622	

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30TH SEPTEMBER, 2008

	Note	As at 30th September, 2008 HK$'000 (Unaudited)	As at 31st March, 2008 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		579,047	564,488
Leasehold land and land use rights		344,384	347,960
Investment properties		202,700	202,700
Intangible assets		220,251	234,912
Available-for-sale financial assets		193,983	293,707
Held-to-maturity financial assets		1,018	1,018
Investments in associates		6,390	7,059
Investments in jointly controlled entities		34,327	33,604
Non-current deposits		128,436	123,034
Deferred income tax assets		17,411	15,615
Retirement benefit assets		14,104	14,104
		1,742,051	1,838,201
Current assets			
Inventories		109,480	94,881
Trade and other receivables	11	50,216	46,968
Prepayments, deposits and other current assets		116,354	87,006
Financial assets at fair value through profit or loss		119,605	134,142
Cash and cash equivalents		1,025,372	733,298
		1,421,027	1,096,295
Total assets		3,163,078	2,934,496
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		55,409	55,257
Reserves (including interim and special dividends proposed of HK$166,242,000; 31st March, 2008: final dividends proposed of HK$193,643,000)	13	2,481,156	2,329,745
		2,536,565	2,385,002
Minority interest		2,081	2,386
Total equity		2,538,646	2,387,388

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)
AS AT 30TH SEPTEMBER, 2008

	Note	As at 30th September, 2008 HK$'000 (Unaudited)	As at 31st March, 2008 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		65,203	64,884
Provision for long service payments		6,694	6,311
		71,897	71,195
Current liabilities			
Trade payables	12	138,800	112,766
Other creditors and accrued liabilities		362,007	328,808
Current income tax liabilities		51,728	34,339
		552,535	475,913
Total liabilities		624,432	547,108
Total equity and liabilities		3,163,078	2,934,496
Net current assets		868,492	620,382
Total assets less current liabilities		2,610,543	2,458,583

Notes: -

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September, 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This condensed consolidated interim financial information should be read in conjunction with the 2008 annual financial statements for the year ended 31st March, 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

2 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March, 2008, as described in those annual financial statements.

Taxation on income in the interim period is accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments and interpretations to standards are mandatory for the financial year ending 31 March, 2009.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets

The adoption of these new standards, amendments and interpretations to standards has no significant impact on the Group's interim results and financial position.

The following new standards, amendments and interpretations to standards have been issued but are not effective for the financial year ending 31st March, 2009 and have not been early adopted by the Group:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

3 Segment information

(i) Primary reporting format - geographical segments

The Group's business activities are conducted predominantly in Hong Kong, Mainland China and North America.

The segment results for the six months ended 30th September, 2008, based on location of customers, are as follows:

	Hong Kong HK$'000 (Unaudited)	Mainland China HK$'000 (Unaudited)	North America HK$'000 (Unaudited)	Group HK$'000 (Unaudited)
Segment revenues				
Total segment revenue	1,991,859	279,539	113,968	2,385,366
Inter-segment revenue (Note i)	(811)	(42,342)	-	(43,153)
Revenue	1,991,048	237,197	113,968	2,342,213
Segment results	211,887	20,644	(3,479)	229,052
Finance income	9,284	525	217	10,026
Share of profit of associates	1,250	-	-	1,250
Share of profit of jointly controlled entities	-	805	-	805
Profit before income tax				241,133
Income tax expense				(40,802)
Profit for the period				200,331

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

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2008 are as follows:

	Hong Kong HK$'000 (Unaudited)	Mainland China HK$'000 (Unaudited)	North America HK$'000 (Unaudited)	Group HK$'000 (Unaudited)
Depreciation	59,679	11,181	5,268	76,128
Amortisation of intangible assets	1,352	-	4,410	5,762
Amortisation of leasehold land and land use rights	2,935	1,115	-	4,050
Loss/(gain) on disposal of property, plant and equipment, net	331	125	(2,185)	(1,729)

3 Segment information (Continued)

(i) Primary reporting format - geographical segments (Continued)

The segment assets and liabilities, based on location of customers, at 30th September, 2008 and capital expenditure for the six months ended 30th September, 2008 are as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	2,083,408	413,458	293,478	2,790,344
Associates	6,390	-	-	6,390
Jointly controlled entities	-	34,327	-	34,327
	2,089,798	447,785	293,478	2,831,061
Unallocated assets				332,017
Total assets				3,163,078
Segment liabilities	393,862	78,345	35,294	507,501
Unallocated liabilities				116,931
Total liabilities				624,432
Capital expenditure	64,244	38,471	1,795	104,510

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

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

Capital expenditure comprises additions to leasehold land and land use rights, property, plant and equipment, investment properties and intangible assets.

3 Segment information (Continued)

(i) Primary reporting format - geographical segments (Continued)

The segment results for the six months ended 30th September, 2007, based on location of customers, are as follows:

	Hong Kong HK$'000 (Unaudited)	Mainland China HK$'000 (Unaudited)	North America HK$'000 (Unaudited)	Group HK$'000 (Unaudited)
Segment revenues				
Total segment revenue	1,751,523	203,913	161,605	2,117,041
Inter-segment revenue (Note i)	(569)	(31,091)	-	(31,660)
Revenue	1,750,954	172,822	161,605	2,085,381
Segment results	184,994	16,781	(7,367)	194,408
Finance income	17,094	471	122	17,687
Finance costs	-	(134)	-	(134)
Share of profit of associates	1,228	-	-	1,228
Share of loss of jointly controlled entities	-	(368)	-	(368)
Profit before income tax				212,821
Income tax expense				(37,723)
Profit for the period				175,098

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

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2007 are as follows:

	Hong Kong HK$'000 (Unaudited)	Mainland China HK$'000 (Unaudited)	North America HK$'000 (Unaudited)	Group HK$'000 (Unaudited)
Depreciation	59,071	8,740	5,886	73,697
Amortisation of intangible assets	1,351	-	4,280	5,631
Amortisation of leasehold land and land use rights	2,498	721	-	3,219
(Gain)/loss on disposal of property, plant and equipment	(2,925)	(45)	887	(2,083)

3 Segment information (Continued)

(i) Primary reporting format - geographical segments (Continued)

The segment assets and liabilities, based on location of customers, at 31st March, 2008 and capital expenditure for the six months ended 30th September, 2007 are as follows:

	Hong Kong HK$'000 (Audited)	Mainland China HK$'000 (Audited)	North America HK$'000 (Audited)	Group HK$'000 (Audited)
Segment assets	1,764,468	372,386	312,497	2,449,351
Associates	7,059	-	-	7,059
Jointly controlled entities	-	33,604	-	33,604
	1,771,527	405,990	312,497	2,490,014
Unallocated assets				444,482
Total assets				2,934,496
Segment liabilities	338,278	60,503	49,104	447,885
Unallocated liabilities				99,223
Total liabilities				547,108
Capital expenditure (Unaudited)	141,074	28,339	13,014	182,427

(ii) 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

	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Sales of food and beverages	2,262,634	2,016,857
Rental income	17,615	18,022
Royalty income	23,092	21,750
Management and service fee income	5,283	4,439
Sundry income, net	33,589	24,313
	2,342,213	2,085,381

5 Other (losses)/gains, net

	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Gain on disposals of financial assets at fair value through profit or loss	387	514
Loss on disposals of available-for-sale financial assets	(359)	-
Dividend income from listed investments	5,103	-
Fair value (losses)/gains on financial assets at fair value through profit or loss	(11,061)	2,787
	(5,930)	3,301

6 Operating profit

The following items have been charged/(credited) to the operating profit during the interim period:

	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Cost of raw materials and consumables used	752,970	646,242
Depreciation of property, plant and equipment	76,128	73,697
Amortisation of leasehold land and land use rights	4,050	3,219
Amortisation of trademarks and franchise rights	5,762	5,631
Gain on disposal of property, plant and equipment	(1,729)	(2,083)
Gain on disposal of restaurants (including release of goodwill amounting to HK$2,973,000)	(2,521)	-
Provision for impairment of trade and other receivables	596	-

7 Finance income and costs

	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Finance income – interest income	10,026	17,687
Finance costs – interest expense on bank loans	-	(134)
Net finance income	10,026	17,553

8 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% (2007: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th September, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Current income tax:		
- Hong Kong profits tax	35,766	31,352
- Overseas taxation	5,966	5,380
Deferred income tax charged relating to the origination and reversal of temporary differences	(930)	991
	40,802	37,723

9 Earnings per share

Basic

Basic earning 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 period.

	Six months ended 30th September, 2008 (Unaudited)	2007 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	HK$200,636	HK$175,098
Weighted average number of ordinary shares in issue ('000)	553,294	549,267
Basic earnings per share (HK cents per share)	36.26 HK cents	31.88 HK cents

9 Earnings per share (Continued)

Diluted

Diluted earning 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.

	Six months ended 30th September,	
	2008 (Unaudited)	2007 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	HK$200,636	HK$175,098
Weighted average number of ordinary shares in issue ('000)	553,294	549,267
Adjustment to share options ('000)	4,221	5,989
	557,515	555,256
Diluted earnings per share (HK cents per share)	35.99 HK cents	31.53 HK cents

10 Dividends

	Six months ended 30th September,	
	2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Dividends proposed		
- Interim, 15 HK cents (2007: 15 HK cents) per share	83,121	82,622
- Special, 15 HK cents (2007: Nil) per share	83,121	-
	166,242	82,622

The interim and special dividends were declared on 9th December, 2008. This condensed consolidated interim financial information does not reflect this dividend payable.

11 Trade and other receivables

	30th September, 2008 HK$'000 (Unaudited)	31st March, 2008 HK$'000 (Audited)
Trade receivables	27,413	20,986
Less: provision for impairment of receivables	(1,185)	(589)
Trade receivables - net	26,228	20,397
Other receivables	23,988	26,571
	50,216	46,968

The carrying values of trade and other receivables approximate their fair values.

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 receivables of royalty income from franchisees.

The aging analysis of trade receivables is as follows:

	30th September, 2008 HK$'000 (Unaudited)	31st March, 2008 HK$'000 (Audited)
0 - 30 days	18,917	12,001
31 - 60 days	5,933	6,275
61 - 90 days	642	1,495
Over 90 days	1,921	1,215
	27,413	20,986

12 Trade payables

The aging analysis of the trade payables is as follows:

	30th September, 2008 HK$'000 (Unaudited)	31st March, 2008 HK$'000 (Audited)
0 - 30 days	132,283	105,634
31 - 60 days	5,230	1,594
61 - 90 days	357	70
Over 90 days	930	5,468
	138,800	112,766

13 Reserves

	Share premium HK$'000 (Unaudited)	Capital redemption reserve HK$'000 (Unaudited)	Exchange translation reserve HK$'000 (Unaudited)	Share-based compensation reserve HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Contributed surplus HK$'000 (Unaudited)	Investment reserve HK$'000 (Unaudited)	Revaluation reserve HK$'000 (Unaudited)	Retained earnings HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
At 1st April, 2008	114,133	152,034	51,048	24,469	21,079	85,197	141,947	180	1,739,658	2,329,745
Proceeds from shares issued	11,098	-	-	-	-	-	-	-	-	11,098
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	-	-	4,702	-	-	-	-	-	-	4,702
Changes in fair value for available-for-sale financial assets	-	-	-	-	-	-	(76,442)	-	-	(76,442)
Employees shares option scheme-value of employee services	-	-	-	11,417	-	-	-	-	-	11,417
Release of share-based compensation reserve to share premium upon exercise of share option	2,106	-	-	(2,106)	-	-	-	-	-	-
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	200,636	200,636
At 30th September, 2008	127,337	152,034	55,750	33,780	21,079	85,197	65,505	180	1,940,294	2,481,156
At 1st April, 2007	79,243	152,034	8,195	9,547	21,079	85,197	(1,467)	180	1,587,866	1,941,874
Proceeds from shares issued	15,537	-	-	-	-	-	-	-	-	15,537
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	-	-	23,647	-	-	-	-	-	-	23,647
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	195,281	-	-	195,281
Employees shares option scheme-value of employee services	-	-	-	2,367	-	-	-	-	-	2,367
Release of share-based compensation reserve to share premium upon exercise of share option	1,894	-	-	(1,894)	-	-	-	-	-	-
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	175,098	175,098
At 30th September, 2007	96,674	152,034	31,842	10,020	21,079	85,197	193,814	180	1,762,964	2,353,804

DIVIDENDS

To repatriate enhanced value to our shareholders and to celebrate the Group's 40th Anniversary, the Directors have declared the payment of an interim dividend of 15 HK cents (2007: 15 HK cents) per share together with a special dividend of 15 HK cents per share (2007: Nil) in respect of the year ending 31st March, 2009, payable on 13th January, 2009 to those persons registered as shareholders on 5th January, 2009.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend and the special dividend, the Register of Members of the Company will be closed from 5th January, 2009 (Monday) to 6th January, 2009 (Tuesday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend and the special dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2nd January, 2009.

HUMAN RESOURCES

As at 30th September, 2008, the Group (other than associated companies and jointly controlled entities) employed approximately 14,000 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. With a unique Share Option Scheme together with profit sharing bonus and performance incentive system, employees were entitled to share in the growth of the Group.

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

FINANCIAL REVIEW

The Group's financial position, as at 30th September, 2008, continues to be very strong, with a net cash of close to about HK$ 1.03 billion and available banking facilities of HK$ 636 million.

As at 30th September, 2008, the Group did not have any external borrowing (31st March, 2008: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2008: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2008.

As at 30th September, 2008, the Company has given guarantees totaling approximately HK$636,000,000 (31st March, 2008: HK$636,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

Regarding foreign exchange fluctuations, for the six months' period under review, 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES UNDER APPENDIX 14 OF THE LISTING RULES

During the six months period ended 30th September, 2008, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code Provisions”) as set out in Appendix 14 of the Listing Rules, except for the deviation from the 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.

AUDIT COMMITTEE

The Company has established an audit committee which currently consists of three independent non-executive directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the committee’s principal duties is to review and supervise the Company’s financial reporting process and internal controls (including the review of the unaudited interim financial statements for the six months ended 30th September, 2008).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th September, 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company’s listed securities.

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.