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)

2008/2009 FINAL REPORT TO SHAREHOLDERS

HIGHLIGHTS

- **Group profit again reached historical high of HK$442 million amidst the market adversity.**
- **Annual dividend increases for the 11th consecutive year, reaching a total annual payout ratio of 85% with another final dividend increase of 9%.**
- **Operating profit before prudent write-off of North American business goodwill grew significantly by 12% against last year.**
- **Effective corporate strategies led us through the financial tsunami, with a business turnaround in our overseas platforms.**
- **Two purpose-built central food processing facilities expected to commence production by end 2009 and beginning 2011 in Guangzhou and Hong Kong.**
- **Record expansion pace of 60 new operating units on our three business platforms around the world.**
- **Marching towards the 1,000 operating units target by 2014 under our 5 Years Plan.**

CHAIRMAN'S STATEMENT

40th Anniversary

While we are counting the blessings of the Group's 40th Anniversary year, we cannot brush aside the negative impact that befell on the local and global economy as a result of the financial turmoil.

Despite the economic difficulties, I am glad to report that the Group has been able to rise above the adverse market conditions and achieved another encouraging result with the Group's turnover and profit attributable to shareholders reaching a record high of HK$4.67 billion and HK$442 million respectively. Excluding the prudent write-off of our North American business goodwill, our operating profit has in fact grown significantly by 12% against last year. To repatriate enhanced value to our shareholders, I would recommend to the Board to propose an increase of 9% on final dividend to 38 HK cents per share. Together with the interim and special dividends paid earlier, the total dividend payable for the entire year is 68 HK cents, representing an increase of 36% over that of last year and a payout ratio of 85%, which is another dividend increase for the 11th consecutive year.

Face the FACTS

Faced with the worldwide economic uncertainties, we have once again adopted the "F.A.C.T.S" corporate strategies, which have successfully guided us to sail through the previous Asian financial storm unscathed. We believe these same strategies would lead us again to rise above the financial tsunami and emerge as a stronger entity. Such strategies call for management focus, anticipating the worst, changing mindset, turning crisis into opportunity and shaping up to weather the storm.

Focus

To embrace the challenge of the market adversities, I believe it is ever more important for the Group to have a clear focus on its own business vision and direction. As such, we have again formulated a “Five-Year Corporate Plan”, which clearly outlines and focus management attention to the Group’s future road map for all its strategic business units in the years to come. With development parameters such as unit expansion, territorial strategy, revenue and profit projection, the plan aims to ensure that our management has a focus on the development mission expected of them, thus laying a visionary foundation for a sustainable continuous growth for the Group.

Other than the business performance expectation for each strategic business unit, corporate succession is another focus of the plan. We fully understand that putting people first is vital to the success of our business vision, which must come with a sustainable corporate succession plan. To cope with the expected pace of having one thousand operating units by the year 2014, we are actively pursuing our corporate succession initiatives, making sure growth in succession for the Group is well addressed in the longer term.

Anticipating the worst

While it is generally expected that economic recovery may not soon arrive, maintaining sufficient financial resources for organic development or mergers and acquisitions is key to future growth. We have been maintaining a prudent investment allocation policy in the past and, as a result, the Group has a net cash position of about HK$894 million. Taking advantage of such a cash reserve, the Group is well positioned to capture any opportunities presented to us during these challenging times.

For the same strategic reason, we made a timely but difficult decision to dispose of our loss-making stores in California in August, 2008, well ahead of the onslaught of the U.S. financial crisis. With this final phase of our 3-year consolidation program, we witnessed a substantial improvement in the business turnaround of **Manchu WOK.** To complete the restructuring of the North American business, we have taken the prudent step to adjust downwards the related restaurant goodwill.

To equally equip ourselves for the Eastern China growth platform, we made a decisive move in rationalizing our business portfolio in this region, where we acquired all the operating assets of the six **Café de Coral** restaurants in Shanghai and would dispose 25% interests in the restaurant chain of **New Asia Dabao** in China. This move aims to concentrate our management effort in developing our proprietary "**Café de Coral**" brand in this strategically important Yangtze River Delta Region under our complete management control and ownership.

Changing mindset

Changing business mindset, both externally and internally, is another strategy we deploy for outperforming our peers. Faced with the weakened business sentiment, we are proactive in our rent negotiation and brand expansion in the leasing market, aiming to enter into more reasonable leasing terms and gaining market share with our various newer restaurant brands under current market conditions.

In addition, our internal management mindset is also in tune with the current difficult market sentiment and is committed to a belt-tightening measure over staff cost and other overheads with an aim to enhance the overall efficiency and profit margin improvement.

The institutional catering business is another example of a change in today's consumer mindset on food quality and food safety concerns. With end-users looking for more reputable caterers, and the Group being the first and only market leader in the territory to be accredited simultaneously with international certificates in the areas of food safety, nutrition and environmental protection, both our Institutional Catering and Student Catering businesses are able to outrival other competitors to further expand their client base and to secure more contracts during the year.

Turning crisis into opportunities

We have been taking the economic setback as an excellent opportunity to expand proactively in our businesses. Our home-grown brand, **Super Super Congee & Noodles**, achieved a positive result with its chain of 13 restaurants, opening up another avenue of growth in our local fast food business with 5 new shops within the year.

For the same strategic reason, we took advantage of the consumer trading-down behaviour under the current economic setback with more openings of **Oliver's Super Sandwiches** and the launch during the year of two new restaurant brands, namely, **ME.N.U** and **Spaghetti 360°** to meet the increasing demand for casual dining.

Speaking of seizing opportunities, we remain committed in pursuing our aggressive branch development strategy in Southern China. With a record-breaking 15 new stores opened in the year, **Café de Coral** restaurants in the Pearl River Delta region reached 52 as at 31st March, 2009, successfully building up a sizable growth platform for further development in the region.

Shaping up

The encouraging performance of the Group was owed much to the productivity and operating efficiency driven by the Group throughout the year. We understand that there are limits to such drive over the existing production facilities. In this regard and as reported to you earlier, the Group is now constructing two food processing plants at the Guangzhou Development District, China and Tai Po Industrial Estate, Hong Kong with expected production commencing by the end of 2009 and at the beginning of 2011 respectively. The two new food processing plants, once in full operation, not only would lead to further enhancement in food safety and hygiene standards, but undoubtedly would deliver substantial gains in productivity as well as an ultimate improvement on margins.

Reflections

While the Group celebrated its 40th Anniversary during the year, we witness that our businesses have advanced to another stage of growth through our strong brand management power, product development campaign and branch development initiatives. Coupled with the roll-out of our self-developed new restaurant brands, a total of 60 new operating units was added in the year, bringing the total operating units to 580 for the Group.

We are also delighted to be recognized for our management and services excellence by claiming the Enterprise Award of the Hong Kong Business Award 2008, the Top Service Award and the Gold Award as “2008 PRC Consumer’s Most Favourable Hong Kong Brand”, while I have personally been bestowed with “The 10th Outstanding Entrepreneur Award 2008”. None of the above would have been achieved without our 14,000 staff’s dedicated efforts in the year.

Despite our long term optimism, one word of caution though is our immediate concern over the industry consolidation and business turmoil in the restaurant and catering sector both at home and abroad, which would undoubtedly call for our watchfulness and prudence. As we turn our attention to the challenges and opportunities ahead, I am confident that given the strategies we deploy, the caliber of our management and the financial resource we possess, we would be able to sail through the present economic storm and to march towards the development target of 1,000 units in the Group's next five years of sustained growth.

Chan Yue Kwong, Michael

Chairman

Hong Kong, 8th July, 2009

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, 2009, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2009

	Note	**2009** ***HK$'000***	2008 *HK$'000*
Revenue	*4*	**4,673,609**	**4,283,586**
Cost of sales	*6*	(3,916,966)	(3,585,428)
Gross profit		756,643	698,158
Other gains, net	*5*	21,929	23,355
Administrative expenses	*6*	(256,896)	(240,838)
Operating profit		**521,676**	**480,675**
Finance income	*7*	18,425	31,278
Share of profit of associates		2,262	2,442
Share of loss of jointly controlled entities		(256)	(791)
Profit before income tax		**542,107**	**513,604**
Income tax expense	*8*	(100,529)	(93,370)
Profit for the year		441,578	420,234
Allocated as:			
Loss attributable to minority interest		(288)	-
Profit attributable to equity holders of the Company		**441,866**	**420,234**
Dividends	*9*	377,547	276,265
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic	*10*	**79.77 HK cents**	**76.36 HK cents**
- Diluted	*10*	79.25 HK cents	75.65 HK cents

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		340,921	347,960
Property, plant and equipment		633,301	564,488
Investment properties		230,800	202,700
Intangible assets		166,053	234,912
Investments in associates		6,239	7,059
Investments in jointly controlled entities		34,521	33,604
Available-for-sale financial assets		199,590	293,707
Held-to-maturity financial assets		-	1,018
Deferred income tax assets		19,974	15,615
Non-current deposits		152,218	123,034
Retirement benefit assets		-	14,104
		1,783,617	1,838,201
Current assets			
Inventories		100,295	94,881
Trade and other receivables	*11*	58,823	46,968
Prepayments, deposits and other current assets		96,822	87,006
Financial assets at fair value through profit or loss		37,023	134,142
Cash and cash equivalents		894,369	733,298
		1,187,332	1,096,295
Total assets		2,970,949	2,934,496
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		55,558	55,257
Other reserves	*13*	541,940	590,087
Retained earnings	*13*		
- Proposed dividends		211,241	193,643
- Others		1,566,356	1,546,015
		2,375,095	2,385,002
Minority interest		2,098	2,386
Total equity		2,377,193	2,387,388

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31ST MARCH, 2009

	Note	**2009** **HK$'000**	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		57,752	64,884
Provision for long service payments		15,512	6,311
Retirement benefit liabilities		20,176	-
		93,440	71,195
Current liabilities			
Trade payables	*12*	117,601	112,766
Other creditors and accrued liabilities		348,738	328,808
Current income tax liabilities		33,977	34,339
		500,316	475,913
Total liabilities		593,756	547,108
Total equity and liabilities		2,970,949	2,934,496
Net current assets		687,016	620,382
Total assets less current liabilities		2,470,633	2,458,583

Notes:-

1 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (together known as the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

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.

Certain prior year comparatives have been reclassified to conform with the current year's presentation.

2 ACCOUNTING POLICIES

(a) Amendments and interpretations to standards that are effective in current year

- 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"

Directors are of the opinion that the adoption of the above amendments and interpretations to standards does not have significant impact to the Group's results of operations and financial position.

2 ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group

- HKAS 1 (Revised), "Presentation of financial statements" (effective for annual periods beginning on or after 1st January, 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1st April, 2009;

- HKAS 23 (Amendment), "Borrowing costs" (effective for annual periods beginning on or after 1st January, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1st April, 2009;

- HKAS 27 (Revised) "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1st July, 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1st April, 2010;

2 ACCOUNTING POLICIES (CONTINUED)

- HKAS 32 (Amendment), "Financial instruments: Presentation", and HKAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effect for annual periods beginning on or after 1st January, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the HKAS 32 (Amendment) and HKAS 1 (Amendment) from 1st April, 2009, but it is not expected to have any impact on the Group's financial statements;

- HKFRS 2 Amendment "Share-based payment vesting conditions and cancellations" (effective for annual periods beginning on or after 1st January, 2009). The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements;

2 ACCOUNTING POLICIES (CONTINUED)

- HKFRS 3 (Revised) “Business combination” (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are “capable of being conducted” rather than “are conducted and managed”. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1st April, 2010;

- HKFRS 8, “Operating segments” (effective for annual periods beginning on or after 1st January, 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, “Disclosures about segments of an enterprise and related information”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1st April, 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker;

- HK(IFRIC) – Int 9 and HKAS 39 (Amendment), “Reassessment of embedded derivatives” (effective for annual periods on or after 30th June, 2009). This amendment relates to embedded derivatives are assessed for separation from the host contract when the entity becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in terms that significantly modifies the cash flows that otherwise would be required under the contract. The Group will apply this amendment from 1st April, 2010, but it is not expected to have any significant impact on the Group’s financial statements, and

2 ACCOUNTING POLICIES (CONTINUED)

- HK(IFRIC) — Int 13, "Customer loyalty programmes" (effective for annual periods beginning on or after 1st July, 2008). HK(IFRIC) — Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply HK(IFRIC) — Int 13 from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements.

(c) The following amendments and interpretations to standards have not yet been effective and not relevant for the Group's operations:

- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement" – "Eligible hedged items" (effective for annual periods beginning on or after 1st July, 2009);

- HKFRS 1 (Amendment), "First time adoption of HKFRS" and HKAS 27 "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1st July, 2009);

- HK(IFRIC) – Int 15, "Agreements for the construction of real estate" (effective for annual periods beginning on or after 1st January, 2009);

- HK(IFRIC) – Int 16, "Hedges of a net investment in a foreign operation" (effective for annual periods beginning on or after 1st October, 2008);

- HK(IFRIC) – Int 17, "Distributions of non-cash assets to owners" (effective for annual periods beginning on or after 1st July, 2009); and

- HK(IFRIC) – Int 18, "Transfers of assets from customers" (effective for annual periods beginning on or after 1st July, 2009).

In addition, Hong Kong Institute of Certified Public Accountants also published a number of amendments for the existing standards under its improvement projects. These amendments are also not expected to have a significant financial impact to the Group's financial statements.

3 SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

At 31st March, 2009, 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, 2009, based on location of customers, are as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**North America** *HK$'000*	**Group** *HK$'000*
Segment revenues				
Total segment revenue	3,934,209	588,041	248,245	4,770,495
Inter-segment revenue (Note i)	(2,702)	(94,184)	-	(96,886)
Revenue	3,931,507	493,857	248,245	4,673,609
Segment result	507,176	38,970	(18,299)	527,847
Other losses, net	(6,171)	-	-	(6,171)
Finance income	16,954	948	523	18,425
Share of profit of associates	2,262	-	-	2,262
Share of loss of jointly controlled entities	-	(256)	-	(256)
Profit before income tax				542,107
Income tax expense				(100,529)
Profit for the year				441,578

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

	Year ended 31st March, 2009			
	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**North America** *HK$'000*	**Group** *HK$'000*
Depreciation	118,411	25,443	8,479	152,333
Amortisation of intangible assets	2,704	-	8,398	11,102
Amortisation of leasehold land and land use rights	5,898	1,523	-	7,421
Net loss on disposal of property, plant and equipment and leasehold land	1,247	427	1,522	3,196
Net gain on disposal of restaurants	-	-	(2,521)	(2,521)
Impairment of goodwill	-	-	14,138	14,138

3 SEGMENT INFORMATION (CONTINUED)

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

The segment assets and liabilities, based on location of customers, at 31st March, 2009 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	1,944,621	444,977	284,004	2,673,602
Associated companies	6,239	-	-	6,239
Jointly controlled entities	-	34,521	-	34,521
	1,950,860	479,498	284,004	2,714,362
Unallocated assets				256,587
Total assets				2,970,949
Segment liabilities	396,056	75,673	30,298	502,027
Unallocated liabilities				91,729
Total liabilities				593,756
Capital expenditure	145,479	92,810	4,167	242,456

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

3 SEGMENT INFORMATION (CONTINUED)

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

The segment results for the year ended 31st March, 2008, based on location of customers, are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment revenues				
Total segment revenue	3,593,370	440,913	320,950	4,355,233
Inter-segment revenue	(1,536)	(70,111)	-	(71,647)
Revenue	3,591,834	370,802	320,950	4,283,586
Segment result	456,815	43,037	(24,132)	475,720
Other gains, net	4,955	-	-	4,955
Finance income	30,140	764	374	31,278
Share of profit of associates	2,442	-	-	2,442
Share of loss of jointly controlled entities	-	(791)	-	(791)
Profit before income tax				513,604
Income tax expense				(93,370)
Profit for the year				420,234

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

	Year ended 31st March, 2008			
	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Depreciation	119,373	20,482	12,820	152,675
Amortisation of intangible assets	2,703	-	8,810	11,513
Amortisation of leasehold land and land use rights	5,319	1,959	-	7,278
Impairment of property, plant and equipment	-	-	1,267	1,267
Net (gain)/loss on disposal of property, plant and equipment and leasehold land	(927)	189	9,936	9,198

3 SEGMENT INFORMATION (CONTINUED)

(a) 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 year then ended are as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**North America** *HK$'000*	**Group** *HK$'000*
Segment assets	1,764,468	372,386	312,497	2,449,351
Associated companies	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	235,760	64,535	26,376	326,671

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 and investment properties.

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

	2009	2008
	HK\$'000	*HK\$'000*
Sales of food and beverages	**4,542,533**	4,168,547
Rental income	**35,338**	36,123
Royalty income	**44,654**	45,580
Management and service fee income	**7,370**	4,608
Franchise income	**3,257**	4,024
Sundry income	**40,457**	24,704
	4,673,609	4,283,586

5 OTHER GAINS, NET

	2009	2008
	HK\$'000	*HK\$'000*
Fair value loss on financial assets at fair value through profit or loss	**(386)**	(2,121)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**(17,164)**	631
Dividend income from listed investments	**11,379**	6,445
Fair value gains on investment properties	**28,100**	18,400
	21,929	23,355

6 EXPENSES BY NATURE

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

	2009	2008
	HK\$'000	*HK\$'000*
Amortisation of leasehold land and land use rights	**7,421**	7,278
Amortisation of intangible assets	**11,102**	11,513
Cost of raw materials and consumables used	**1,508,711**	1,342,008
Depreciation of property, plant and equipment	**152,333**	152,675
Net loss on disposal of property, plant and equipment and leasehold land	**3,196**	9,198
Net gain on disposal of restaurants (including release of goodwill amounting to HK\$2,973,000)	**(2,521)**	-
Provision for impairment of property, plant and equipment	**-**	1,267
Provision for impairment loss on goodwill	**14,138**	-

7 FINANCE INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income	**18,425**	31,278

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% (2008: 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/(credited) to the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**85,541**	82,619
- Overseas taxation	**11,982**	11,439
Deferred income tax relating to the origination and reversal of temporary differences	**2,288**	(4,097)
Under-provision in prior years	**718**	3,409
	100,529	93,370

9 DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim dividend, paid, of HK15 cents (2008: HK15 cents) per ordinary share	**83,153**	82,622
Special dividend, paid, of HK15 cents (2008: Nil) per ordinary share	**83,153**	-
Final dividend, proposed, HK38 cents (2008: HK35 cents) per ordinary share	**211,241**	193,643
	377,547	276,265

A final dividend of HK38 cents per ordinary share in respect of the year ended 31st March, 2009, amounting to a total final dividend of approximately HK$211,241,000, was proposed. Such final dividend is to be approved by the shareholders at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

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.

	2009	2008
Profit attributable to equity holders of the Company (*HK$'000*)	**441,866**	420, 234
Weighted average number of ordinary shares in issue (*'000*)	**553,920**	550,340
Basic earnings per share (*HK cents per share*)	**79.77 HK cents**	76.36 HK cents

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.

	2009	2008
Profit attributable to equity holders of the Company (*HK$'000*)	**441,866**	420,234
Weighted average number of ordinary shares in issue (*'000*)	**553,920**	550,340
Adjustment for share options (*'000*)	**3,635**	5,185
	557,555	555,525
Diluted earnings per share (*HK cents per share*)	**79.25 HK cents**	75.65 HK cents

11 TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**19,137**	20,986
Less: provision for impairment of receivables	**(891)**	(589)
Trade receivables - net	**18,246**	20,397
Other receivables	**40,577**	26,571
	58,823	46,968

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.

The ageing analysis of trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**15,079**	12,001
31 – 60 days	**3,219**	6,275
61 – 90 days	**99**	1,495
Over 90 days	**740**	1,215
	19,137	20,986

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 - 30 days	**108,604**	105,634
31 - 60 days	**3,356**	1,594
61 - 90 days	**677**	70
Over 90 days	**4,964**	5,468
	117,601	112,766

13 RESERVES

	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 *HK$'000*	Revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1st April, 2008	114,133	152,034	51,048	21,079	141,947	24,469	85,197	180	1,739,658	2,329,745
Proceeds from shares issued	24,372	-	-	-	-	-	-	-	-	24,372
Changes in fair value for available-for-sale financial assets	-	-	-	-	(67,956)	-	-	-	-	(67,956)
Release of investment reserve upon disposal/redemption of available-for-sale financial assets	-	-	-	-	209	-	-	-	-	209
Actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	(49,561)	(49,561)
Deferred income tax effect on actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	8,177	8,177
Employee share option scheme – value of employee services	-	-	-	-	-	22,834	-	-	-	22,834
Release of share-based compensation reserve to share premium upon exercise of share options	3,962	-	-	-	-	(3,962)	-	-	-	-
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	-	-	(27,606)	-	-	-	-	-	-	(27,606)
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	441,866	441,866
Dividends	-	-	-	-	-	-	-	-	(362,788)	(362,788)
Unclaimed dividends write back	-	-	-	-	-	-	-	-	245	245
At 31st March, 2009	142,467	152,034	23,442	21,079	74,200	43,341	85,197	180	1,777,597	2,319,537

	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 *HK$'000*	Revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1st April, 2007	79,243	152,034	8,195	21,079	(1,467)	9,547	85,197	180	1,587,866	1,941,874
Proceeds from shares issued	29,777	-	-	-	-	-	-	-	-	29,777
Changes in fair value for available-for-sale financial assets	-	-	-	-	143,414	-	-	-	-	143,414
Actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	(24,942)	(24,942)
Deferred income tax effect on actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	4,365	4,365
Employee share option scheme – value of employee services	-	-	-	-	-	20,035	-	-	-	20,035
Release of share-based compensation reserve to share premium upon exercise of share options	5,113	-	-	-	-	(5,113)	-	-	-	-
Exchange differences arising on translation of foreign subsidiaries and jointly controlled entities	-	-	42,853	-	-	-	-	-	-	42,853
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	420,234	420,234
Dividends	-	-	-	-	-	-	-	-	(247,865)	(247,865)
At 31st March, 2008	114,133	152,034	51,048	21,079	141,947	24,469	85,197	180	1,739,658	2,329,745

14 COMMITMENTS

Capital commitments

As at 31st March, 2009, the Group had the following capital commitments:

	2009 ***HK$'000***	2008 *HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**73,594**	18,716
Authorised but not contracted for	**330,675**	188,709
	404,269	207,425

FINAL DIVIDEND

In recognition of the long term support of our shareholders, the Directors recommended a final dividend of HK38 cents (2008: HK35 cents) per share, resulting in a total dividend of HK68 cents (2008: HK50 cents) per share for the year ended 31st March, 2009, to those persons registered as shareholders on 15th September, 2009. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid on 2nd October, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 11th September, 2009 to Tuesday, 15th September, 2009 (both days inclusive) during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend and to determine the entitlement to attend and vote at the forthcoming annual general meeting of the Company, 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 Thursday, 10th September, 2009.

FINANCIAL REVIEW

The Group's financial position, as at 31st March, 2009, continues to be very strong, with a net cash of close to about HK$894 million and available banking facilities of HK$660 million.

As at 31st March, 2009, 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 31st March, 2009, the Company has given guarantees approximately HK$662,000,000 (31st March, 2008: HK$636,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

Regarding foreign exchange fluctuations, the Group earned revenue and incurred costs and expenses mainly denominated in Hong Kong dollars, while those of our North America and PRC subsidiaries and jointly controlled 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, 2009.

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, 2009, except for the deviations from Code Provision A.2.1 and Code Provision C.2.2.

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 four 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.

Code Provision C.2.2

Since the Code Provision C.2.2 became effective on 1st January, 2009, the Board commences such annual review in the current financial year ending 31st March, 2010.

REVIEW OF THE RESULTS

The Audit Committee and the Board of Directors have reviewed 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 2008/2009 annual report.

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, Mr. Kwok Lam Kwong, Larry and Mr. Look Guy as independent non-executive directors.