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, 2009

HIGHLIGHTS

- **Half year turnover reached a record high of HK$2.39 billion.**
- **For the 6th consecutive years, the Group delivered another interim profit growth reaching HK$221 million.**
- **For the 24th consecutive years since listing, the Group has maintained dividend payment to our shareholders.**
- **School catering business solidly captured the market leadership position.**
- **Southern China Café de Coral attained a sizeable business platform of 62 units in the region.**
- **Manchu WOK witnessed a positive improvement, laying a foundation for profitability.**
- **For the 4th consecutive years being awarded with the Gold Award of the “PRC Consumer’s Most Favourable Hong Kong Brand”.**

CHAIRMAN'S STATEMENT

Since the onslaught of the financial tsunami in September, 2008, the Group once again adopted the "F.A.C.T.S." corporate strategies, which enabled the Group to safely navigate through another financial storm and market adversity.

As implemented in our time-tested corporate strategies, we once again Focused our management attention to the Group's future road map by formulating a "Five-Year Corporate Plan" towards year 2014. In Anticipating the worst, we have taken timely and proactive measures in consolidating our Eastern China and North America businesses. While we made progress in Changing the mindset of our landlords and staff to keep our business cost at a competitive level, we also Turned crisis into opportunities by launching newer restaurant brands during the period with promising results. To Shape up our businesses for embracing the opportunities ahead, our two new food processing plants are well underway with their respective construction plan.

All of the above contributed to the attainment for the 6th consecutive year of another interim results growth of the Group for the six months ended 30th September, 2009 with turnover and profit attributable to shareholders at HK$2.39 billion and HK$221 million respectively, representing a double-digit profit growth of 10% over that of last year.

To return value to our shareholders, the Board resolved to distribute an interim dividend of 17 HK cents per share to shareholders whose names appear on the register of members of the Company on 17th December, 2009, being the 24th consecutive years' dividend payment since listing.

Hong Kong Business Platform

In the period under review, it was gratifying to witness the encouraging performance of our **Café de Coral** fast food business in Hong Kong despite the negative impact from the Influenza outbreak. Our fast food business is able to sustain its business growth amidst this adverse market condition mainly due to our strong branding power. Indeed, our effort in promoting our brand preference and awareness was well recognized by the recent Gold Award of the "PRC Consumer's Most Favourable Hong Kong Brand", which was awarded to the Group for the 4th consecutive years.

To capture the business opportunities presented to us during these difficult times, the Group actively pursued its expansion initiative by opening seven new outlets of **Super Super Congee & Noodles** since April, 2009, successfully and rapidly building up a sizeable business platform of 17 operating units under this newly-founded fast food brand in the local territory.

With the increased awareness of food safety among the public, our **Asia Pacific Catering** unit was also able to expand its institutional catering clienteles and secured contract renewal for all of its major clients during the period. At the same time, our **Luncheon Star** business continues to be the pioneer in the school catering business in securing simultaneous international accreditations in the areas of food safety, nutrition and environmental protection. With these strong credentials, **Luncheon Star** is able to solidify its leading position in the school catering sector and has now become a meaningful profit contributor to the Group.

PRC Business Platform

Since the beginning of 2009, **Café de Coral** in Southern China was confronted with a difficult market environment due to a more cautious consumer sentiment after the global financial turmoil. Notwithstanding the challenge, we take this as another golden opportunity to reinforce our dominating presence in the market by accelerating our pace of development. We have added another 10 new outlets to our portfolio since April 2009, bringing the total number of this branded restaurant to a scalable 62 units in the region.

Our food processing and distribution business, **Scanfoods**, is another of our example in turning crisis into business opportunity. Taking advantage of the correction in meat price from its record high, **Scanfoods** benefited from its low cost of inventory and attained an encouraging performance during the period under review.

As earlier reported, we have also made a decisive move to rationalize our business portfolio in Eastern China by disposing 25% interest in the restaurant chain of **New Asia Dabao** in China and acquired all the operating assets of the six **Café de Coral** restaurants in Shanghai. Since the completion of this transaction, we are now able to concentrate our management effort to build up our **"Café de Coral"** brand in the Yangtze River Delta Region on a wholly-owned basis. With successful experience accumulated, we are fully committed to untap the fullest business potential of **Café de Coral** in this strategically important region.

North America Business Platform

Across the Ocean, we are delighted to witness the 3-year consolidation program of **Manchu WOK** bearing fruits. It has achieved a positive improvement, laying the foundation for a profitable business turnaround. Such performance is not in any way a coincidence but rather as a result of successful implementation of various consolidation and growth initiatives.

With the timely disposal of the loss-making stores in California in August, 2008, we are able to sail through the economic turbulence caused by the onslaught of the U.S. financial crisis. In addition, our strategy in exploring the business potential at non-traditional markets together with our efforts in introducing new shop design prototype also contributed to our initial success.

Looking Ahead

Notwithstanding the diverse views on the general economic recovery in the years to come, we are readily prepared in identifying any opportunity to strengthen our business platforms.

The construction of our two purpose-built central food processing plants in Guangzhou and Hong Kong are now well underway and are expected to commence production by 2010 and 2011 respectively. Once in full operation, our production capacity and operational efficiency should be enhanced with our production cost being kept at a more competitive level. In addition, with ample cash reserve in hand, the Group is also well equipped to capture any opportunities available, be it by way of organic growth or mergers and acquisition.

We are also delighted to be recognized again by Forbes Asia for the seventh time for our management excellence with the recent award of “The Best Under A Billion”. Such award not only reminds us of the performance expectation from our shareholders and customers, but also reminds us how indebted we are to our 15,000 strong staff force, who have been so committed to deliver growth results year on year with sustainable track record.

By order of the Board

Chan Yue Kwong, Michael

Chairman

Hong Kong, 25th November, 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

	Note	Six months ended 30th September, 2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Revenue	**4**	**2,386,171**	**2,342,213**
Cost of sales		(2,014,005)	(1,993,845)
Gross profit		372,166	348,368
Administrative expenses		(126,918)	(113,386)
Other gains/(losses), net	5	15,990	(5,930)
Operating profit	**6**	**261,238**	**229,052**
Finance income	7	3,115	10,026
Share of profits of			
- Associates		1,078	1,250
- Jointly controlled entities		353	805
Profit before income tax		**265,784**	**241,133**
Income tax expense	8	(44,713)	(40,802)
Profit for the period		221,071	200,331
Allocated as:			
Loss attributable to minority interest		(295)	(305)
Profit attributable to equity holders of the Company		**221,366**	**200,636**
Earnings per share for profit attributable to equity holders of the Company, expressed in HK cents per share			
- Basic	**9**	**39.83 HK cents**	**36.26 HK cents**
- Diluted	9	39.54 HK cents	35.99 HK cents
Dividends	10		
- Interim		94,761	83,121
- Special		-	83,121
		94,761	166,242

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

	Six months ended 30th September, 2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	221,071	200,331
Other comprehensive income		
Exchange differences arising on translation of foreign subsidiaries, jointly controlled entities and associates	23,658	4,702
Fair value gains/(losses), net of tax:		
- available-for-sale financial assets	100,797	(76,442)
Other comprehensive income/(loss) for the period, net of tax	124,455	(71,740)
Total comprehensive income for the period	345,526	128,591
Total comprehensive income attributable to:		
- Equity holders of the Company	345,821	128,896
- Minority interest	(295)	(305)
	345,526	128,591

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2009

	Note	As at 30th September, 2009 *HK$'000* (Unaudited)	As at 31st March, 2009 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		713,283	633,301
Leasehold land and land use rights		337,959	340,921
Investment properties		230,800	230,800
Intangible assets		186,263	166,053
Available-for-sale financial assets		323,643	199,590
Investments in associates		20,628	6,239
Investments in jointly controlled entities		4,154	34,521
Non-current deposits		153,294	152,218
Deferred income tax assets		18,981	19,974
		1,989,005	1,783,617
Current assets			
Inventories		107,820	100,295
Trade and other receivables	11	87,322	58,823
Prepayments, deposits and other current assets		112,869	96,822
Financial assets at fair value through profit or loss		41,924	37,023
Cash and cash equivalents		881,731	894,369
		1,231,666	1,187,332
Total assets		3,220,671	2,970,949
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		55,659	55,558
Reserves (including interim dividend proposed of HK$94,761,000; 31st March, 2009: final dividend proposed of HK$211,241,000)		2,473,202	2,319,537
		2,528,861	2,375,095
Minority interest		1,803	2,098
Total equity		2,530,664	2,377,193

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30TH SEPTEMBER, 2009

	Note	As at 30th September, 2009 *HK$'000* (Unaudited)	As at 31st March, 2009 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		62,069	57,752
Provision for long service payments		15,855	15,512
Retirement benefit liabilities		18,378	20,176
		96,302	93,440
Current liabilities			
Trade payables	12	152,839	117,601
Other creditors and accrued liabilities		388,224	348,738
Current income tax liabilities		52,642	33,977
		593,705	500,316
Total liabilities		690,007	593,756
Total equity and liabilities		3,220,671	2,970,949
Net current assets		637,961	687,016
Total assets less current liabilities		2,626,966	2,470,633

Notes: -

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September, 2009 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.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March, 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March, 2009, 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 and amendments to standards are effective for the financial year ending 31st March, 2010 and are relevant to the Group.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. This condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. Adoption of this standard did not have any effect on the Group's results of operations or financial position.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. The adoption of HKFRS 8 has not resulted in any changes in reportable segment or additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities.

2 Accounting policies (Continued)

- Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It slso requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its annual financial statements for the year ending 31st March, 2010.

The following new standards, amendments and interpretations to standards have been issued, but are not effective for the financial year ending 31st March, 2010 and have not been early adopted by the Group:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

3 Segment information

The Executive Chairman of the Group has reviewed the Group's internal reporting in order to allocate resources and to assess the business principally from a geographic perspective including Hong Kong, Mainland China and North America. The Executive Chairman assesses the performance of the operating segments based on a measure of profit before income tax.

The Group is principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and the food processing and distribution business.

The segment information for the reportable segments for the six months ended 30th September, 2009 is as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30th September, 2009				
Total segment revenue	1,997,833	347,760	90,112	2,435,705
Inter-segment revenue *(Note i)*	(1,381)	(48,153)	-	(49,534)
Revenue (from external revenue) *(Note ii)*	1,996,452	299,607	90,112	2,386,171
Profit/(loss) before income tax	240,159	26,680	(1,055)	265,784
Depreciation and amortisation	66,312	13,870	6,883	87,065
Finance income	2,610	334	171	3,115
Share of profit of associates	1,078	-	-	1,078
Share of profit of jointly controlled entities	-	353	-	353
Income tax expense/(credit)	39,375	6,598	(1,260)	44,713

3 Segment information (Continued)

	Hong Kong *HK$'000* (Unaudited)	Mainland China *HK$'000* (Unaudited)	North America *HK$'000* (Unaudited)	Group *HK$'000* (Unaudited)
Six months ended 30th September, 2008				
Total segment revenue	1,991,859	279,539	113,968	2,385,366
Inter-segment revenue *(Note i)*	(811)	(42,342)	-	(43,153)
Revenue (from external revenue) *(Note ii)*	1,991,048	237,197	113,968	2,342,213
Profit/(loss) before income tax	222,421	21,975	(3,263)	241,133
Depreciation and amortisation	63,966	12,296	9,678	85,940
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
Income tax expense/(credit)	36,424	5,593	(1,215)	40,802

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

(ii) The Group has a large number of customers. For the six months ended 30th September, 2009, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

3 Segment information (Continued)

	Hong Kong *HK$'000* (Unaudited)	Mainland China *HK$'000* (Unaudited)	North America *HK$'000* (Unaudited)	Group *HK$'000* (Unaudited)
As at 30th September, 2009				
Segment assets	2,001,399	564,467	270,257	2,836,123
Segment assets include:				
Investments in associates	4,923	15,705	-	20,628
Investments in jointly controlled entities	-	4,154	-	4,154
Additions to non-current assets (other than financial instruments and deferred tax assets)	97,980	58,120	3,429	159,529
As at 31st March, 2009				
Segment assets	1,950,860	479,498	284,004	2,714,362
Segment assets include:				
Investments in associates	6,239	-	-	6,239
Investments in jointly controlled entities	-	34,521	-	34,521
Additions to non-current assets (other than financial instruments and deferred tax assets)	68,025	39,779	1,674	109,478

As at 30th September, 2009, the total non-current assets located in Hong Kong is HK$1,109,577,000 (As at 31st March, 2009: HK$1,081,295,000), in Mainland China is HK$330,044,000 (As at 31st March, 2009: HK$299,706,000) and in North America is HK$206,760,000 (As at 31st March, 2009: HK$183,052,000).

3 Segment information (Continued)

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

	30th September, 2009 *HK$'000* (Unaudited)	31st March, 2009 *HK$'000* (Unaudited)
Total segment assets	2,836,123	2,714,362
Deferred income tax assets	18,981	19,974
Available-for-sale financial assets	323,643	199,590
Financial assets at fair value through profit or loss	41,924	37,023
Total assets	3,220,671	2,970,949

4 Revenue

	Six months ended 30th September,	
	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Sales of food and beverages	2,318,828	2,262,634
Rental income	18,021	17,615
Royalty income	20,080	23,092
Management and service fee income	5,587	5,283
Sundry income	23,655	33,589
	2,386,171	2,342,213

5 Other gains/(losses), net

	Six months ended 30th September, 2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
(Loss)/gain on disposals of financial assets at fair value through profit or loss	(52)	387
Loss on disposals of available-for-sales financial assets	(5)	(359)
Dividend income from listed investments	12,450	5,103
Fair value gains/(losses) on financial assets at fair value through profit or loss	1,854	(11,061)
Others	1,743	-
	15,990	(5,930)

6 Operating profit

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

	Six months ended 30th September, 2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Cost of raw materials and consumables used	744,995	752,970
Staff costs	591,197	572,729
Operating lease rentals in respect of rented premises	268,724	257,682
Depreciation of property, plant and equipment	78,726	76,128
Amortisation of leasehold land and land use rights	3,064	4,050
Amortisation of trademarks and franchise rights	5,275	5,762
Loss/(gain) on disposal of property, plant and equipment	2,984	(1,729)
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	66	596

7 Finance income

	Six months ended 30th September, 2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Finance income – interest income	3,115	10,026

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: 16.5%) 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, 2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Current income tax:		
- Hong Kong profits tax	37,839	35,766
- Overseas taxation	5,338	5,966
Deferred income tax charged/(credited) relating to the origination and reversal of temporary differences	1,536	(930)
	44,713	40,802

9 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 issued during the period.

	Six months ended 30th September, 2009 (Unaudited)	2008 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	221,366	200,636
Weighted average number of ordinary shares in issue ('000)	555,799	553,294
Basic earnings per share (HK cents per share)	39.83 HK cents	36.26 HK cents

9 Earnings per share (Continued)

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.

	Six months ended 30th September,	
	2009 (Unaudited)	2008 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	221,366	200,636
Weighted average number of ordinary shares in issue ('000)	555,799	553,294
Adjustment to share options ('000)	4,066	4,221
	559,865	557,515
Diluted earnings per share (HK cents per share)	39.54 HK cents	35.99 HK cents

10 Dividends

	Six months ended 30th September,	
	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)
Dividend proposed		
- Interim, 17 HK cents (2008: 15 HK cents) per share	94,761	83,121
- Special, Nil (2008: 15 HK cents) per share	-	83,121
	94,761	166,242

The interim dividend was declared on 25th November, 2009. This condensed consolidated interim financial information does not reflect this dividend payable.

11 Trade and other receivables

	30th September, 2009 *HK$'000* (Unaudited)	31st March, 2009 *HK$'000* (Audited)
Trade receivables	28,007	19,137
Less: provision for impairment of receivables	(963)	(891)
Trade receivables - net	27,044	18,246
Other receivables	60,278	40,577
	87,322	58,823

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 and sale of merchandise for the Group's food manufacturing businesses.

The ageing analysis of trade receivables is as follows:

	30th September, 2009 *HK$'000* (Unaudited)	31st March, 2009 *HK$'000* (Audited)
0 - 30 days	22,632	15,079
31 - 60 days	3,714	3,219
61 - 90 days	118	99
Over 90 days	1,543	740
	28,007	19,137

12 Trade payables

The ageing analysis of the trade payables is as follows:

	30th September, 2009 *HK$'000* (Unaudited)	31st March, 2009 *HK$'000* (Audited)
0 - 30 days	142,900	108,604
31 - 60 days	6,808	3,356
61 - 90 days	1,120	677
Over 90 days	2,011	4,964
	152,839	117,601

INTERIM DIVIDEND

In acknowledging continuous supports from our shareholders, the Directors have declared the payment of an interim dividend of 17 HK cents (2008: 15 HK cents and a special dividend of 15 HK cents) per share in respect of the year ending 31st March, 2010, payable on 29th December, 2009 to those persons registered as shareholders on 17th December, 2009.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend, the Register of Members of the Company will be closed from 17th December, 2009 (Thursday) to 18th December, 2009 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim 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 16th December, 2009.

HUMAN RESOURCES

As at 30th September, 2009, the Group (other than associated companies and jointly controlled entities) employed approximately 15,000 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, 2009, continues to be very strong, with a net cash of close to about HK$882 million and available banking facilities of HK$660 million.

As at 30th September, 2009, the Group did not have any external borrowing (31st March, 2009: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2009: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2009.

As at 30th September, 2009, the Company has given guarantees totaling approximately HK$662,000,000 (31st March, 2009: HK$662,000,000) 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, 2009, 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 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.

AUDIT COMMITTEE

The Company has established an audit committee which currently consists of four 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, 2009).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th September, 2009, 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, Mr. Kwok Lam Kwong, Larry and Mr. Look Guy as independent non-executive directors.