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)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31ST MARCH 2011

HIGHLIGHTS

- **Continuous sales growth for the 24th year, reaching HK$5.33 billion.**
- **Profit remained flat at HK$514 million in face of surging food cost and wage increase.**
- **A record breaking total of 63 new operating units opened in face of the operational challenge.**
- **Group's outlets in PRC are well over 100, spreading over Eastern and Southern China.**
- **Recommend a Final and Special Dividend of a total of 70 HK cents per share, with a total dividend payout ratio of 95% celebrating the Group's 25th Public Listing Anniversary.**

CHAIRMAN'S MESSAGE

Year 2010/2011 certainly marked the most challenging and contentious year in the corporate history of our Group. Never have we in any one year been confronted with so many challenges on so many fronts, be it social, economical, political and even on a personal level.

The global flooding, drought and natural disaster have exerted tremendous pressure on the commodities price and food supply. The extent of the subsequent food cost inflation was more severe than we expected. We have been restraining our price adjustment in the early part of the year with the hope to maintain our customer loyalty, but it has led to the inevitable erosion on our operating margin.

In addition to the difficult operating environment in which we found ourselves, we were further ensnared in an unexpected social outcry in the second half of the year. In anticipation of the introduction of the Minimum Wage in Hong Kong, our fast food business units have decided to take an early lead on its implementation by way of incremental measures. Unfortunately, such apparently rational business decision has rapidly taken on a political dimension. Under the circumstances, we have acted swiftly and decisively to avert further damage on our brand equity. If there is a lesson that our management should have learnt, it is the corporate duty of today's enterprise to strike a balance between business objectives and social responsibility. I honestly believe that this event was a blessing in disguise as it demonstrated corporate social responsibility is a key element on business sustainability in the long run.

Over the past 2 years, I am proud to have participated in the historical task, as member of the Provisional Minimum Wage Commission to set the first introductory level of the minimum wage in HKSAR. As you are all probably aware, minimum wage is a new piece of legislation in Hong Kong and would definitely cast substantial cost burden to all mass market retail businesses, which naturally include the catering business. But I reckon that this is a business cost we all need to contribute for the sake of social equality and long term business sustainability. After all, corporate profit should be predicated on enhanced productivity, service excellence and continuous improvement in business competitiveness.

As I mentioned to you in my earlier report, succession planning is high on our agenda in the past couple of years in order to ensure a steady stream of high calibre individuals capable to rise to the occasion of our corporate needs in terms of sustainable development, be it for territorial expansion or business diversification purposes. For this matter, we have undertaken a vigorous company-wide exercise to go through a selection and recruitment process. Targeted staffs with development potentials from management level are identified, developed and deployed to lead the business in future. Under this charted course, we have managed to invigorate the succession planning of our Hong Kong operation, strengthen our management team in China, improve on the professionalism of our business logistics, and focus on the production system enhancement. Other than total reliance on internal resources, I am also glad to report on the recruitment of the necessary professionals in charge of our administration both in Hong Kong and in China.

Looking back to the past year, I must say that all the challenges we faced had alerted management to re-examine the way we run our business. Given the rapid change in the employment dynamics, the unceasing cost inflation and the increasingly competitive landscape, the rules of the game for business operation here in HK would never be the same. We must break away from the past, we must be creative to think out of the box, and we must be brave enough to embrace new frontiers. Given the depth of our management calibre and the breath of our operational experience, I have confidence that we would rise above any adversity and come out stronger and as resilient as ever. In view of the likely emergence of market consolidation under the present conditions, I believe our Group is well positioned to take advantage of any opportunities that may present themselves.

Last but not least, my gratitude goes to all the management members and staffs, whose dedication and commitment have helped us to sail through this stormy period. Many of whom have been my co-workers for the past twenty five years and together, we have built Cafe de Coral to what it is today. My heartfelt thanks go to them all！

Michael Y K Chan

Chairman

Hong Kong, 29th June, 2011

Business Review

The year under review is indeed a challenging year for the Group.

With the quantitative easing measures implemented by most developed countries after the financial tsunami, we witnessed a gradual recovery of the local economy on the one hand and an inflationary business environment on the other. The unceasing surge in food material costs coupled with the introduction of the minimum wage in this same year certainly posed major challenges to the catering business in tackling rising operational overheads on all fronts here in Hong Kong.

Against this backdrop, the Group recorded a full year results with turnover and profit attributable to shareholders of HK$5.33 billion and HK$514 million respectively, representing a disappointing flat growth in profit for the first time since 2003.

Notwithstanding the lackluster performance, the Directors recommended a final dividend of 45 HK cents per share as well as a special dividend of 25 HK cents to join hands with our shareholders in celebrating the Group's 25th public listing anniversary in July, 2011. Together with the interim dividend paid earlier, a total dividend of 87 HK cents per share would be repatriated to our shareholders for the whole year.

Hong Kong Business Platform

With the same store sales only registering a modest growth, our **Café de Coral** restaurant chain saw its profit margin being eroded by the escalating raw material and labour costs for the year under review.

Facing these challenges, we have been actively exploring different measures to minimize the impacts. While the Group reviewed our purchase function and fine-tuned our global sourcing policy, aiming to achieve an optimal level of purchase mix from all around the world, we also streamlined the operational flow at the frontline to enhance efficiency.

These efforts, coupled with the additional contributions from **Super Super Congee & Noodles**, being the Group's other home-grown brand in the local quick service restaurant sector, successfully recouped part of the profit diminution in **Café de Coral**'s fast food.

As to our western restaurant chains, **Oliver's Super Sandwiches** delivered an impressive growth both in terms of sales and profitability. This performance was largely attributed to our dedicated efforts in redefining the brand, modernizing the store design, as well as adjusting the product mix since we acquired this chain in 2003. As encouraged by this exciting performance, more resources would be invested in this business to accelerate its growth in the years to come.

Regarding our institutional catering business, we are delighted to report that **Asia Pacific Catering** continued to explore the business opportunities in commercial sector, and successfully won the catering contracts with internationally renowned clients, such as Dragonair and Hong Kong Disneyland. **Asia Pacific Catering** inevitably faced pressures from escalating food and labour costs as it would be difficult to immediately adjust our pricing points unilaterally due to our contract commitment.

PRC Business Platform

Since the reactivation of our store opening program in the PRC market in 2002, we have built up a scalable platform in this strategic market of vast potentials. As of today, the Group’s outlets in the PRC market are over 100, with 101 stores in Southern China and 9 stores in Eastern China.

Same with all retail businesses, the China restaurant industry was confronted with escalating food costs and rising minimum wage with no exception. However, it is encouraging to note that we were able to make price adjustments with profitability remained untainted. We take this as a result of the Group’s strong branding power, particularly with the cross-border synergistic effect between our Southern China and Hong Kong operation.

Meanwhile, the successful opening of the Group’s institutional catering units in United International College in Zhuhai, PRC exemplified our multi-branding strategy in tapping into different sectors of the catering business in China. The initial success in setting up and operating these catering units have certainly built up our confidence in securing more reputable institutional clients in the region and we are ready for further expansion in this promising market segment.

On another front, our central food processing facilities in Guangzhou commenced its operation in May, 2011 where the adjoining multi-purpose training center will be ready for operation in August of this year. With this powerful logistic support, we are well equipped in food safety and services standard enhancement as well as the necessary production capacity to meet our goal of having not less than 200 units by the year 2014.

North America Business Platform

Across the Ocean, the year under review was another difficult year for **Manchu WOK**. Despite the adverse business environment, **Manchu WOK** managed to deliver a better-than-expected performance for the year.

Such performance was a result of our management effort in riding out the poor business environment, particularly that of the United States. In this regard, we continued to roll out revamped store design with refreshing store image. Such innovative store design was not only recognized with award and applause from landlords but have also generated customers traffic increase. In addition, we enriched our offerings by introducing a wider range of healthy food items for customers' choice, capturing the growing culture of a healthier life-style in the continent.

We would continuously explore this market of great potential, aiming to deliver a meaningful contribution to the Company.

Prospects

Looking forward, we anticipate that the surging costs in raw materials, rental and labour would continue to exert tremendous pressure on the catering industry. However, we would proactively embrace these challenges by adopting various initiatives to enhance our operational efficiency and to reduce the overall costs.

Despite our long term optimism, one word of caution though is our immediate concern over the multiple cost challenges and industry consolidation in the catering sector, which would call for our watchfulness on the market dynamics and the associated business model adjustments. After all, we all need to compete for the survival of the fittest.

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, 2011, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Revenue	*4*	**5,332,639**	**4,882,668**
Cost of sales	*6*	(4,528,864)	(4,050,776)
Gross profit		803,775	831,892
Other gains, net	*5*	89,546	49,428
Administrative expenses	*6*	(283,706)	(274,725)
Operating profit		**609,615**	**606,595**
Finance income	*7*	7,298	8,262
Share of profit of associates		2,645	2,330
Share of (loss)/profit of a jointly controlled entity		(67)	311
Profit before income tax		**619,491**	**617,498**
Income tax expense	*8*	(105,169)	(104,769)
Profit for the year		514,322	512,729
Allocated as:			
Loss attributable to non-controlling interests		(6)	(503)
Profit attributable to equity holders of the Company		**514,328**	**513,232**
Dividends	*9*	490,747	347,208
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic	*10*	**91.58 HK cents**	**92.16 HK cents**
- Diluted	*10*	90.49 HK cents	91.33 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	514,322	512,729
Other comprehensive income/(loss):		
Exchange differences arising from translation of foreign subsidiaries, associates and a jointly controlled entity	34,361	35,354
Actuarial (losses)/gains on retirement benefit obligation recognised in reserve	(17,001)	44,489
Deferred income tax effect on actuarial losses/(gains) of retirement benefit obligation recognised in reserve	2,805	(7,341)
Fair value (losses)/gains on available-for-sale financial assets	(19,428)	144,211
Reserve released upon disposal of available-for-sale financial assets	(18,490)	-
Total comprehensive income for the year	**496,569**	**729,442**
Attributable to:		
- Equity holders of the Company	496,575	729,945
- Non-controlling interests	(6)	(503)
	496,569	**729,442**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2011

	Note	As at 31st March, 2011 HK$'000	2010 HK$'000 (Restated)	As at 1st April, 2009 HK$'000 (Restated)
ASSETS				
Non-current assets				
Leasehold land and land use rights		67,810	69,058	70,417
Property, plant and equipment		1,175,764	1,033,870	903,805
Investment properties		316,200	266,100	230,800
Intangible assets		190,676	190,848	166,053
Investments in associates		21,271	20,578	6,239
Investment in a jointly controlled entity		4,240	4,118	34,521
Deferred income tax assets		14,160	6,832	19,974
Retirement benefit assets		14,361	20,412	-
Available-for-sale financial assets		324,052	351,695	199,590
Non-current prepayments and deposits		228,369	197,791	152,218
Financial assets at fair value through profit or loss		38,392	30,294	-
		2,395,295	2,191,596	1,783,617
Current assets				
Inventories		170,986	110,370	100,295
Trade and other receivables	*11*	54,333	56,149	58,823
Prepayments and deposits		101,534	105,773	96,822
Financial assets at fair value through profit or loss		65,902	69,954	37,023
Cash and cash equivalents		993,333	968,559	894,369
		1,386,088	1,310,805	1,187,332
Total assets		3,781,383	3,502,401	2,970,949
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		56,313	55,887	55,558
Other reserves		836,259	775,767	541,940
Retained earnings				
- Proposed dividends		395,098	252,419	211,241
- Others		1,778,160	1,769,332	1,566,356
		3,065,830	2,853,405	2,375,095
Non-controlling interests		1,589	1,595	2,098
Total equity		3,067,419	2,855,000	2,377,193

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31ST MARCH, 2011

		As at 31st March,		As at 1st April,
		2011	2010	2009
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		61,117	56,303	57,752
Provision for long service payments		14,249	8,255	15,512
Retirement benefit liabilities		-	-	20,176
		75,366	64,558	93,440
Current liabilities				
Trade payables	*12*	172,413	147,969	117,601
Other creditors and accrued liabilities		440,361	399,603	348,738
Current income tax liabilities		25,824	35,271	33,977
		638,598	582,843	500,316
Total liabilities		713,964	647,401	593,756
Total equity and liabilities		3,781,383	3,502,401	2,970,949
Net current assets		747,490	727,962	687,016
Total assets less current liabilities		3,142,785	2,919,558	2,470,633

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 and financial assets at fair value through profit or loss, which are carried at fair value.

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

2 ACCOUNTING POLICIES

The following new standards and amendments to standards are effective for the financial year ended 31st March, 2011 and are relevant to the Group.

- HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, any land interest where title was not expected to pass to the Group by the end of the lease term was classified as an operating lease under "Leasehold land and land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively with effect from 1st January, 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1st April, 2010 on the basis of information existing at the inception of those leases, and recognised certain leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating leases (included in leasehold land and land use rights) to finance leases (included in property, plant and equipment). Comparative information for 31st March, 2010 and 1st April, 2009 has been restated to reflect this change in accounting policy.

2 ACCOUNTING POLICIES (CONTINUED)

	As at 31 March, 2011 *HK$'000*	As at 31 March, 2010 *HK$'000*	As at 1st April, 2009 *HK$'000*
Decrease in leasehold land and land use rights	(304,602)	(265,234)	(270,504)
Increase in property, plant and equipment	304,602	265,234	270,504

There is no impact upon the reported income for the current or prior years, although charges within the consolidated income statement have been reclassified from amortisation of leasehold land and land use rights to depreciation of property, plant and equipment.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements" are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

2 ACCOUNTING POLICIES (CONTINUED)

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1st April, 2010, are not currently relevant for the Group or do not have material impact on the Group for the year ended 31st March, 2011.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st April, 2010 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
HKAS 12 (Amendment)	Deferred Tax - Recovery of Underlying Assets	1st January, 2012
HKAS 24 (Revised)	Related Party Disclosures	1st January, 2011
HKFRS 1 (Amendment)	Limited Exempt from Comparative HKFRS 7 Disclosures for First-time Adopters	1st July, 2010
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July, 2011
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets	1st July, 2011
HKFRS 9	Financial Instruments	1st January, 2013
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1st January, 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July, 2010

3 SEGMENT INFORMATION

The Executive Chairman of the Group reviews 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 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.

In view of the continuing expansion of businesses, the Executive Chairman now assesses performance and allocates resources according to the "segment results". As a result, the segment information of the Group for the current year and the comparative figures have been presented to reflect such change as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**North America** *HK$'000*	**Group** *HK$'000*
Year ended 31st March, 2011				
Total segment revenue	4,355,687	862,749	215,258	5,433,694
Inter-segment revenue *(Note i)*	(4,176)	(96,879)	-	(101,055)
Revenue (from external revenue) *(Note ii)*	**4,351,511**	**765,870**	**215,258**	**5,332,639**
Segment results *(Note iii)*	**700,854**	**120,051**	**13,693**	**834,598**
Depreciation and amortisation	152,856	56,803	15,324	224,983
Finance income	5,600	1,435	263	7,298
Share of profit of associates	2,300	107	238	2,645
Share of loss of a jointly controlled entity	-	(67)	-	(67)
Income tax expense/(credit)	90,200	16,896	(1,927)	105,169

3 SEGMENT INFORMATION (CONTINUED)

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Year ended 31st March, 2010				
Total segment revenue	4,070,864	714,229	200,239	4,985,332
Inter-segment revenue *(Note i)*	(2,486)	(100,178)	-	(102,664)
Revenue (from external revenue) *(Note ii)*	**4,068,378**	**614,051**	**200,239**	**4,882,668**
Segment results *(Note iii)*	**685,426**	**96,073**	**13,936**	**795,435**
Depreciation and amortisation	135,573	38,984	14,283	188,840
Finance income	6,938	798	526	8,262
Share of profit of associates	1,769	561	-	2,330
Share of profit of a jointly controlled entity	-	311	-	311
Income tax expense/(credit)	92,570	14,369	(2,170)	104,769

(i) Inter-segment transactions were entered into in the normal course of business.

(ii) The Group has a large number of customers. For the year ended 31st March, 2011, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

(iii) Reconciliation of total segment results to total profit before income tax is provided as follows:

	31st March, 2011 ***HK$'000***	31st March, 2010 *HK$'000*
Segment results	**834,598**	795,435
Depreciation and amortisation	**(224,983)**	(188,840)
Operating profit	**609,615**	606,595
Finance income	**7,298**	8,262
Share of profit of associates	**2,645**	2,330
Share of (loss)/profit of a jointly controlled entity	**(67)**	311
Profit before income tax	**619,491**	617,498

3 SEGMENT INFORMATION (CONTINUED)

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Year ended 31st March, 2011				
Segments assets	**2,252,421**	**785,993**	**286,102**	**3,324,516**
Segment assets include:				
Investments in associates	1,966	16,730	2,575	21,271
Investment in a jointly controlled entity	-	4,240	-	4,240
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	268,160	117,654	17,783	403,597
Year ended 31st March, 2010				
Segment assets	**2,125,149**	**624,156**	**273,909**	**3,023,214**
Segments assets include:				
Investments in associates	4,568	16,010	-	20,578
Investment in a jointly controlled entity	-	4,118	-	4,118
Additions to non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets)	202,214	114,922	7,246	324,382

As at 31st March, 2011, the total non-current assets (other than financial instruments, deferred tax assets and retirement benefit assets) located in Hong Kong is HK$1,341,176,000 (As at 31st March, 2010: HK$1,192,614,000), in Mainland China is HK$438,022,000 (As at 31st March, 2010: HK$360,829,000) and in North America is HK$225,132,000 (As at 31st March, 2010: HK$228,920,000).

3 SEGMENT INFORMATION (CONTINUED)

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

	31st March, 2011	31st March, 2010
	HK$'000	*HK$'000*
Total segment assets	**3,324,516**	3,023,214
Deferred income tax assets	**14,160**	6,832
Available-for-sale financial assets	**324,052**	351,695
Financial assets at fair value through profit or loss	**104,294**	100,248
Retirement benefit assets	**14,361**	20,412
Total assets	**3,781,383**	3,502,401

4 REVENUE

	2011	2010
	HK$'000	*HK$'000*
Sales of food and beverages	**5,202,910**	4,754,302
Rental income	**38,408**	37,004
Royalty income	**41,178**	41,471
Management and service fee income	**9,622**	8,031
Franchise income	**2,369**	3,904
Sundry income	**38,152**	37,956
	5,332,639	4,882,668

5 OTHER GAINS, NET

	2011	2010
	HK$'000	*HK$'000*
Fair value gain on financial assets at fair value through profit or loss	**4,876**	2,436
Loss on disposal of financial assets at fair value through profit or loss	**(12)**	(55)
Gain on disposal of available-for-sale financial assets	**18,490**	-
Dividend income from listed investments	**15,808**	12,838
Fair value gains on investment properties	**50,100**	35,300
Loss on disposal of property, plant and equipment	**(5,444)**	(3,486)
Negative goodwill arising from acquisition of a subsidiary	**3,692**	-
Others	**2,036**	2,395
	89,546	49,428

6 EXPENSES BY NATURE

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Cost of raw materials and consumables used	**1,718,281**	1,519,915
Amortisation of leasehold land and land use rights	**2,170**	1,491
Amortisation of intangible assets	**13,327**	10,974
Depreciation of property, plant and equipment	**209,486**	176,375
Provision for impairment of property, plant and equipment	**1,239**	1,349
Provision for impairment of trade receivables	**57**	119

7 FINANCE INCOME

	2011	2010
	HK$'000	*HK$'000*
Interest income	**7,298**	8,262

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% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**85,002**	94,121
- Overseas taxation	**16,879**	15,176
Deferred income tax relating to the origination and reversal of temporary differences	**2,383**	(1,827)
Under/(over)-provision in prior years	**905**	(2,701)
	105,169	104,769

9 DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend, paid, of 17 HK cents (2010: 17 HK cents) per ordinary share	**95,649**	94,789
Final dividend, proposed, 45 HK cents (2010: 45 HK cents) per ordinary share	**253,992**	252,419
Special dividend, proposed, 25 HK cents (2010: Nil) per ordinary share	**141,106**	-
	490,747	347,208

A final dividend of 45 HK cents per ordinary share and a special dividend of 25 HK cents per ordinary share in respect of the year ended 31st March, 2011, amounting to a total final and special dividend of approximately HK$395,098,000, were proposed. Such final and special dividends are 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.

	2011	2010
Profit attributable to equity holders of the Company *(HK$'000)*	**514,328**	513,232
Weighted average number of ordinary shares in issue *('000)*	**561,640**	556,871
Basic earnings per share *(HK cents per share)*	**91.58 HK cents**	92.16 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.

	2011	2010
Profit attributable to equity holders of the Company *(HK$'000)*	**514,328**	513,232
Weighted average number of ordinary shares in issue *('000)*	**561,640**	556,871
Adjustment for share options *('000)*	**6,730**	5,095
	568,370	561,966
Diluted earnings per share *(HK cents per share)*	**90.49 HK cents**	91.33 HK cents

11 TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**23,002**	22,864
Less: provision for impairment of receivables	**(718)**	(992)
Trade receivables - net	**22,284**	21,872
Other receivables	**32,049**	34,277
	54,333	56,149

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:

	2011	2010
	HK$'000	*HK$'000*
0 - 30 days	**19,123**	17,749
31 - 60 days	**1,838**	2,045
61 - 90 days	**517**	1,273
Over 90 days	**1,524**	1,797
	23,002	22,864

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 - 30 days	**162,929**	123,958
31 - 60 days	**4,473**	10,796
61 - 90 days	**2,629**	4,623
Over 90 days	**2,382**	8,592
	172,413	147,969

13 COMMITMENTS

Capital commitments

As at 31st March, 2011, the Group had the following capital commitments:

	2011	2010
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**350,546**	49,689
Authorised but not contracted for	**267,824**	328,181
	618,370	377,870

SPECIAL AND FINAL DIVIDENDS

To celebrate the Group's 25th public listing anniversary, the Directors recommended a special dividend of 25 HK cents (2010: special dividend of Nil) and a final dividend of 45 HK cents (2010: final dividend: 45 HK cents) per share, resulting in a total dividend of 87 HK cents (2010: final and interim dividends: 62 HK cents) per share for the year ended 31st March, 2011, to those persons registered as shareholders on 26th September, 2011. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the special and final dividends will be paid on 4th October, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 16th September, 2011 to Tuesday, 20th September, 2011 (both days inclusive) during which period no transfers of shares will be effected. 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15th September, 2011.

In addition, the Register of Member of the Company will also be closed on Monday, 26th September, 2011 during which no transfer of shares will be effected. In order to quality for the proposed final and special dividends, if approved 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23rd September, 2011.

HUMAN RESOURCES

As at 31st March, 2011, the Group (other than associated companies and jointly controlled entity) employed approximately 16,000 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. With a 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 year, various training activities, such as training on operational safety, management skills as well as mentorship program, 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.

To equip for our 5-year plan execution, we have also instituted an Executive Development Program to enhance on the depth and breath of our management staff for purpose of their future career development.

On employee benefits and welfare side, the Group provides all-round coverage to the employees as well as their families. These programs included medical plan, group life insurance plan, housing scheme, scholarship and education fund for children.

In addition, formalized recreational clubs were organized for our employees through the staff wellness plan, aiming to strike a work-life balance among our employees.

FINANCIAL REVIEW

The Group's financial position, as at 31st March, 2011, continues to be very strong, with a net cash of close to about HK$993 million and available banking facilities of HK$626 million.

As at 31st March, 2011, the Group did not have any external borrowing (31st March, 2010: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2010: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2011.

As at 31st March, 2011, the Company has given guarantees approximately HK$626,000,000 (31st March, 2010: HK$660,192,000) 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, 2011.

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, 2011, except for the deviation from Code Provision A.2.1.

Code Provision A.2.1

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

Mr. Chan Yue Kwong, Michael assumes the roles of Chairman and Chief Executive Officer of the Group. The Board considers that, given the current corporate structure, there is no separation between the roles of Chairman and Chief Executive Officer. Although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board and appropriate Board committees. There are 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.

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 2010/2011 annual report.

By Order of the Board
Chan Yue Kwong, Michael
Chairman

Hong Kong, 29th June, 2011

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 Ming Shing, Ian 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.