

20<sup>th</sup>  
*Public Listing*  
Anniversary

Thank you for celebrating  
20 years of  
excellence  
with us



大家樂集團有限公司  
CAFÉ DE CORAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 341

2006

中期報告  
Interim Report

# Contents

2	Directors and Corporate Information
3	Highlights
4	Chairman's Statement
7	Other Information
17	Condensed Consolidated Income Statement
18	Condensed Consolidated Balance Sheet
20	Condensed Consolidated Statement of Changes in Equity
22	Condensed Consolidated Cash Flow Statement
23	Notes to the Condensed Consolidated Financial Information



## Directors and Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chan Yue Kwong, Michael (*Chairman*)

Mr. Lo Hoi Kwong, Sunny  
(*Managing Director*)

Ms. Lo Pik Ling, Anita

Mr. Lo Tak Shing, Peter

#### Non-executive Directors

Mr. Lo Tang Seong, Victor

Mr. Lo Hoi Chun

Mr. Hui Tung Wah, Samuel

Mr. Choi Ngai Min, Michael\*

Mr. Li Kwok Sing, Aubrey\*

Mr. Kwok Lam Kwong, Larry\*

\* *Independent Non-executive Directors*

### COMPANY SECRETARIES

Ms. Li Oi Chun, Helen

Mr. To Hon Fai, Alfred

### QUALIFIED ACCOUNTANT

Ms. Chung Sau Man, Grace

### REGISTERED OFFICE

Canon's Court, 22 Victoria Street  
Hamilton HM12, Bermuda

### HEAD OFFICE

10th Floor, Café de Coral Centre  
5 Wo Shui Street, Fo Tan  
Shatin, New Territories, Hong Kong

### AUDITORS

Messrs. PricewaterhouseCoopers

### SOLICITORS

Messrs. Johnson Stokes & Master

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

Bank of Tokyo-Mitsubishi UFJ

BNP Paribas

Calyon Corporate and Investment Bank

China Construction Bank Corporation

Citibank, N.A.

Hang Seng Bank Limited

The Hongkong and Shanghai Banking  
Corporation Limited

Mizuho Corporate Bank, Ltd.

Standard Chartered Bank (Hong Kong)  
Limited

Sumitomo Mitsui Banking Corporation

Wing Lung Bank Ltd.

### BERMUDA SHARE REGISTRARS

The Bank of Bermuda Limited

### HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor  
Services Limited

### WEBSITE

<http://www.cafedecoral.com>



## HIGHLIGHTS

- **The Group's half-year results recorded an encouraging profit of HK\$151 million.**
- **Our Luncheon Star has finally assumed the market leader position in the school catering sector.**
- **A beef processing joint-venture was established in Xian, adding strength to our food manufacturing business.**
- **Our North America business is heading towards a break-even situation.**
- **Being the largest publicly listed Chinese quick service restaurant group around the world, the total number of restaurants reached well over 570 with a sizable growth platform in China of 127 units strong.**



## Chairman's Statement

2006 is our 20th Public Listing Anniversary Year, and we are proud to have presented a record of multiple growth and an expanded business horizon over the past two decades. A record which was made possible by the professional service of our 12,000 dedicated men and women, and one which we are honoured to share with all our shareholders.

While we are celebrating this commemorative event, we remain committed and attentive to our businesses for enhancing shareholders' value. As of today, I am glad to report another encouraging interim results with profit attributable to shareholders amounting to HK\$151 million for the six months ended 30th September, 2006, representing a 12% increase over the corresponding period of last year. At the same time, turnover for the six months' periods grew by 17% to HK\$1.87 billion.

The Board resolved to enhance return to our shareholders again by distributing an interim dividend of 12 HK cents per share.

### HONG KONG BUSINESS PLATFORM

In the months under review, we witnessed a gradual slow-down in rental pressure in the retail arena in Hong Kong, coupled with an improved spending sentiment in the restaurant sectors. Riding on this positive business environment and leveraging on our branding power, our **Café de Coral** accelerated its branch development program by opening 6 more stores during this 6 months period, which also included an outlet in the tourist attraction of the Hong Kong Wetland Park, making the total number of **Café de Coral** restaurants in Hong Kong reaching the historic high of 130 outlets as of today.

In addition to the turnover increase as brought on by the new outlets, much of the organic growth in our core restaurant business was derived from our various successful product launches and marketing campaigns, our brand popularity among the mainlanders' visits and the success of our "Club 100" customer loyalty program, which have by and large resulted in this year's encouraging volume increase and margin improvement.

Other than our core businesses in the quick service and the specialty restaurants, our **Luncheon Star** has also gradually evolved into an undisputed market leader in the school catering sector. During the period under review, **Luncheon Star** continued with its growth momentum in terms of additional number of school clienteles and the total number of meal boxes offered. To cope with its business expansion, we have relocated some of our existing central food processing facilities in Shatin to our 50,000 sq. ft. new production plant in Tai Po, thereby freeing the required production space for this growing business while adding on another 5 satellite reheating centers for its distribution logistics.

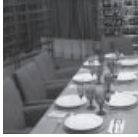
### PRC BUSINESS PLATFORM

Our expansion initiative in the China market is both multi-regional and multi-directional. As of today, the total number of operating units in the China market is well over 127. In Southern China, we continued with our proactive expansion initiative of **Café de Coral**, adding a total of 4 operating units in the Pearl River Delta region alone, bringing the total number of this branded restaurant in the region to 26.

To tap the fast growing market in Southern China, we also deployed a multi-location strategy to fuel our expansion initiative in the region under different household brands. Our **Café de Coral** stores are now geographically spreading over different first and second tier cities in the region and we expect to have another 5 new **Café de Coral** fast-food restaurants in China in the 2nd half of this year. We also envisage both **The Spaghetti House** and **Asia Pacific Catering** would further establish their presence by opening more units in the region.

In Eastern China, after implementing various value-added business improvement initiatives in the areas of operational control, purchasing and product development, marketing campaigns, staff training and store renovation, the performance of our 50% owned restaurant chain **New Asia Dabao** improved with a high single-digit top-line growth during the period. Other than the lower pricing model of our **New Asia Dabao**, we have also adopted a two-pronged market penetration strategy by also opening **Café de Coral** restaurants in the region in order to tap into the mass market segment. While we envisage it may take some time for our joint venture business to build up a meaningful profitability in this area, and may have incurred certain one-off preliminary opening expenses and development costs in building up its branding presence, we are positive and committed on this development platform as it presents us a sizeable potentials for our growth in Eastern China.

On another front, I am glad to report that a joint-venture business has recently been established in Xian, for purpose of diversifying our food manufacturing and distribution business from pork to also that of beef. This joint venture business not only improves our own material supply but it also opens up another avenue of product stream in the packaged food business, adding strength to our established ham and sausage manufacturing business.



## Chairman's Statement

### NORTH AMERICA BUSINESS PLATFORM

After acquiring the remaining interests in **Manchu Wok** last October, we have proactively implemented a series of measures to rationalize the cost structure and enhance the business performance of this sizeable business platform in North America. Other than the financial restructuring in terms of loan reduction and foreign exchange risk mitigation, we have also undertaken new development initiative in the form of master franchises. This new development drive enabled us to open new stores in non-traditional areas such as casinos, airports, university campuses and military bases, which has in turn broadened our franchise royalty income stream.

Since the completion of our takeover, we have witnessed encouraging business improvement in **Manchu Wok** as compared to the corresponding period of last year, albeit on an already enlarged equity base. Notwithstanding that **Manchu Wok** still recorded a loss for the period under review, we are positive that the substantial loss reduction as currently reported is an indication that we are clearly heading in the right direction towards a break-even situation for this major business in North America.

### LOOKING AHEAD

With today's improved economy and consumer sentiment, we are optimistic on the future development and margin performance of our core businesses in Hong Kong, be it in the fast food, specialty restaurant or the catering sector.

In respect of the other business platforms here in the Greater China region or overseas, it is our objectives to enhance shareholders' value by adopting different strategic imperatives, unlocking the vast growth potentials presented to us. In the second half of the year, we are confident that our shareholders would soon come to appreciate the efforts being made in all our business platforms for enhancing their value. I hope the forthcoming results would speak for themselves.

By order of the Board  
**Chan Yue Kwong, Michael**  
*Chairman*

Hong Kong, 5th December, 2006

## **INTERIM DIVIDEND**

In acknowledging continuous supports from our shareholders, the Directors have declared the payment of an interim dividend of 12 HK cents (2005: 10 HK cents) per share in respect of the year ending 31st March, 2007, payable on 11th January, 2007 to those persons registered as shareholders on 3rd January, 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 3rd January, 2007 (Wednesday) to 4th January, 2007 (Thursday), 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 2nd January, 2007.

## **HUMAN RESOURCES**

As at 30th September, 2006, the Group (other than associated companies and jointly controlled entities) employed approximately 12,000 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, 2006, continues to be very strong, with a net cash of close to about HK\$511 million and available banking facilities of HK\$836 million.

As at 30th September, 2006, the Group did not have any external borrowing (31st March, 2006: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2006: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2006.

As at 30th September, 2006, the Company has given guarantees totaling approximately HK\$836,000,000 (31st March, 2006: HK\$836,000,000) 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.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2006, the interests of each Director and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

### INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Director	Note	Number of ordinary shares (long position)					Total interests	% of total issued Shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Equity derivatives (Note (g))		
Mr. Lo Hoi Kwong, Sunny	(a) & (b)	4,020,000	-	-	88,539,394	2,600,000	95,159,394	17.46%
Mr. Lo Tak Shing, Peter	(c)	140,000	-	-	87,626,213	140,000	87,906,213	16.13%
Mr. Lo Hoi Chun	(d)	132,000	-	-	67,880,834	-	68,012,834	12.48%
Ms. Lo Pik Ling, Anita	(a)	8,936,339	-	-	51,156,000	400,000	60,492,339	11.10%
Mr. Chan Yue Kwong, Michael	(a) & (e)	4,321,407	1,189,400	-	51,156,000	2,300,000	58,966,807	10.82%
Mr. Li Kwok Sing, Aubrey	(f)	55,000	-	-	-	-	55,000	0.01%
Mr. Hui Tung Wah, Samuel		25,837	-	-	-	-	25,837	0.01%
Mr. Lo Tang Seong, Victor		-	-	-	-	-	-	-
Mr. Choi Ngai Min, Michael		-	-	-	-	-	-	-
Mr. Kwok Lam Kwong, Larry		-	-	-	-	-	-	-

#### Notes:

- 51,156,000 shares were held under a family trust of which Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and the associate of Mr. Chan Yue Kwong, Michael were beneficiaries.
- Mr. Lo Hoi Kwong, Sunny was deemed to be interested in 37,383,394 shares held under a family trust in the capacity of founder.



## Other Information

- (c) These shares were held by Wandels Investment Limited (“Wandels”). Wandels was 50% owned by Sky Bright International Limited (“Sky Bright”) and 50% owned by Verdant Success Holdings Limited (“Verdant Success”). Both of Sky Bright and Verdant Success were wholly-owned subsidiaries of Royal Bank of Canada Trustees Limited which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter was deemed to be interested by virtue of being beneficiary of one of the family trusts.
- (d) 31,911,701 shares were held under a family trust of which Mr. Lo Hoi Chun and his associates were beneficiaries. 35,969,133 shares were held under a family trust of which Mr. Lo Hoi Chun was the founder and both of Mr. Lo Hoi Chun and his associates were beneficiaries.
- (e) Mr. Chan Yue Kwong, Michael was deemed to be interested in 1,189,400 shares through interests of his associates.
- (f) These shares were held by Mr. Li Kwok Sing, Aubrey jointly with his spouse.
- (g) These represented interests of options granted to Directors under share option schemes to subscribe for shares of the Company, further details of which are set out in the section “Share Option Schemes”.

All the interests in shares and underlying shares of equity derivatives of the Company are long positions. None of the Directors held any short position in the shares, underlying shares of equity derivatives or debentures of the Company.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company, none of the Directors or their respective associates had any interest or short position in any shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations within the meaning of the SFO.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 2006, the interests and short positions of every persons, other than a Director or Chief Executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Note	Number of ordinary shares (long position)				Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests	Trusts and similar interests		
GZ Trust Corporation	(a)	-	-	-	119,036,834	119,036,834	21.85%
Wandels Investment Limited	(b)	-	-	-	87,626,213	87,626,213	16.08%
Sky Bright International Limited	(b)	-	-	-	87,626,213	87,626,213	16.08%
Verdant Success Holdings Limited	(b)	-	-	-	87,626,213	87,626,213	16.08%
Royal Bank of Canada Trustees Limited	(b)	-	-	-	87,626,213	87,626,213	16.08%
Mr. Man Tak Wah	(c)	-	60,492,339	-	-	60,492,339	11.10%
NKY Holding Corporation	(d)	-	-	-	51,156,000	51,156,000	9.39%
Ms. Tso Po Ping	(e)	-	44,003,394	-	-	44,003,394	8.08%
Ardley Enterprises Limited	(f)	-	-	-	37,383,394	37,383,394	6.86%
Ms. Man Bo King	(g)	-	36,101,133	-	-	36,101,133	6.63%
LBK Holding Corporation	(h)	-	-	-	35,969,133	35,969,133	6.60%
MMW Holding Corporation	(i)	-	-	-	31,911,701	31,911,701	5.86%

Notes:

- (a) GZ Trust Corporation was deemed to be interested in the capacity of trustee.
- (b) These interests were held by Wandels Investment Limited ("Wandels"). Wandels was 50% owned by Sky Bright International Limited ("Sky Bright") and 50% owned by Verdant Success Holdings Limited ("Verdant Success"). Both of Sky Bright and Verdant Success were wholly-owned subsidiaries of Royal Bank of Canada Trustees Limited which was the trustee of two discretionary family trusts. Mr. Lo Tak Shing, Peter, being a director of the Company, is also deemed to be interested by virtue of his being beneficiary of one of the family trusts.
- (c) Mr. Man Tak Wah was deemed to be interested through the interests of his spouse, Ms. Lo Pik Ling, Anita (of which 400,000 shares were interests in underlying shares).



## Other Information

- (d) These interests were held by NKY Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.
- (e) Ms. Tso Po Ping was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Kwong, Sunny (of which 2,600,000 shares were interests in underlying shares).
- (f) These interests were held by Ardley Enterprises Limited in the capacity of trustee. These interests represented part of the interests of Mr. Lo Hoi Kwong, Sunny, being a director of the Company.
- (g) Ms. Man Bo King was deemed to be interested in these shares through the interests of her spouse, Mr. Lo Hoi Chun.
- (h) These interests were held by LBK Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.
- (i) These interests were held by MMW Holding Corporation in the capacity of trustee. These interests represented part of the interests held by GZ Trust Corporation and disclosed in Note (a) above.

All interests in the shares and underlying shares of equity derivatives of the Company held by the above persons are long positions.

Save as disclosed above, as at 30th September, 2006, the Directors are not aware of any other persons (other than a Director or Chief Executive of the Company) who have interests or short positions in the shares, underlying shares of equity derivatives of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.



## SHARE OPTION SCHEMES

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the "Previous Scheme"), the Company has granted certain options to executives and employees of the Group including executive directors employed by the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme was terminated upon the passing of a shareholders' resolution for adoption of another share option scheme on 19th September, 2000 (the "Scheme"). Accordingly, no options can be granted under the Previous Scheme as at the date of this report. However, for the outstanding options granted and yet to be exercised under the Previous Scheme, the existing rights of the grantees are not affected. No options had been granted under the Scheme since its adoption.

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders' resolution for adoption of a new share option scheme (the "New Scheme"). Pursuant to the New Scheme, the Company may grant options to executive and non-executive directors, employees, suppliers and customers of the Group and consultants, advisors, managers, officers and corporations that provided research, development or other technical support to the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Company has granted options to certain employees of the Group (including executive directors of the Company) pursuant to the New Scheme.



## Other Information

Details of the share options outstanding as at 30th September, 2006 which have been granted under the Previous Scheme and the New Scheme are as follows:

Type of grantees	Date of Grant	Options outstanding at 1st April, 2006	Granted during the period	Options exercised during the period	Options lapsed on expiry	Options cancelled upon termination of employment	Options outstanding at 30th September, 2006
<b>Executive Directors</b>							
Mr. Chan Yue Kwong,	4/11/1999 <sup>(a)</sup>	600,000	-	(300,000)	-	-	300,000
Michael	1/11/2005 <sup>(b)</sup>	2,000,000	-	-	-	-	2,000,000
Mr. Lo Hoi Kwong,	4/11/1999 <sup>(a)</sup>	600,000	-	-	-	-	600,000
Sunny	1/11/2005 <sup>(b)</sup>	2,000,000	-	-	-	-	2,000,000
Ms. Lo Pik Ling, Anita	4/11/1999 <sup>(a)</sup>	400,000	-	-	-	-	400,000
Mr. Lo Tak Shing, Peter	4/11/1999 <sup>(a)</sup>	210,000	-	(70,000)	-	-	140,000
<b>Continuous contract employees</b>							
	4/11/1999 <sup>(a)</sup>	7,994,000	-	(3,720,000)	-	-	4,274,000
	1/11/2005 <sup>(b)</sup>	10,600,000	-	-	-	(400,000)	10,200,000
		<u>24,404,000</u>	<u>-</u>	<u>(4,090,000)</u>	<u>-</u>	<u>(400,000)</u>	<u>19,914,000</u>

### Notes:

- (a) The share options were granted under the Previous Scheme.
- (b) The share options were granted under the New Scheme.
- (c) Under the Previous Scheme and in respect of the category of "Executive Directors", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$11.21 where in respect of the category of "Continuous contract employees", the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$11.28.



Share Options granted under the Previous Scheme are exercisable at HK\$2.95 per share and the holders of the said share options may exercise the share options during the period from 1st April, 2003 to 31st March, 2013.

Share Options granted under the New Scheme are exercisable at HK\$8.80 per share (in respect of the Executive Directors) and at HK\$8.75 per share (in respect of the other continuous contract employees). The holders of share options may exercise the share options during the period from 1st January, 2007 to 31st October, 2015.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the period.

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

During the six months period ended 30th September, 2006, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “Code Provision”) as set out in Appendix 14 of the Listing Rules, except for the deviations from the Code Provision C.2.1 on internal controls (which is applicable to the accounting periods commencing on or after 1st July, 2005) and the Code Provision A.2.1:

### **CODE PROVISION A.2.1**

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

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





### **CODE PROVISION C.2.1**

Code Provision C.2.1 requires the Board shall at least annually conduct a review of the effectiveness of the system of internal control of the Group in respect of the accounting periods commencing on or after 1st July, 2005, the review shall cover all material controls, including financial, operational and compliance controls and risk management functions.

In August, 2006, the Company engaged an external consultant with particular experience in the design and implementation of internal control system to assist us to evaluate our internal control system and conduct risk assessments of our business processes.

While such review and risk assessment are being taken, it is expected that such review will be completed by the year ending 31st March, 2007 and the same will be reported in the forthcoming annual report to the shareholders.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors had complied with the required standard set out in the Code during the six months ended 30th September, 2006.

### **AUDIT COMMITTEE**

The Company has established an audit committee which currently consists of three independent non-executive directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the committee's principal duties is to review and supervise the Company's financial reporting process and internal controls (including the review of the unaudited interim financial statements for the six months ended 30th September, 2006).

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30th September, 2006, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

# CONDENSED CONSOLIDATED INCOME STATEMENT



For the six months ended 30th September, 2006

		<b>Six months ended 30th September,</b>	
		<b>2006</b>	2005
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
	Note		
<b>Sales</b>	4 & 5	<b>1,874,450</b>	1,609,614
Cost of sales		<b>(1,616,259)</b>	(1,377,782)
Gross profit		<b>258,191</b>	231,832
Administrative expenses		<b>(107,643)</b>	(76,033)
Other gain (net)	5	<b>37,318</b>	31,442
<b>Operating profit</b>	6	<b>187,866</b>	187,241
Finance costs	7	<b>(803)</b>	(2,219)
		<b>187,063</b>	185,022
Share of profit/(loss) of			
– Associated companies		<b>560</b>	516
– Jointly controlled entities		<b>(2,937)</b>	(18,540)
<b>Profit before taxation</b>		<b>184,686</b>	166,998
Income tax expense	8	<b>(33,214)</b>	(31,407)
<b>Profit attributable to equity holders of the Company</b>		<b>151,472</b>	135,591
Earnings per share for profit attributable to the equity holders of the Company, expressed in cents per share			
– Basic	9	<b>28.00 HK cents</b>	25.14 HK cents
– Diluted	9	<b>27.61 HK cents</b>	24.82 HK cents
Dividends	10	<b>65,390</b>	54,027

The notes are an integral part of these condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September, 2006

	Note	As at 30th September, 2006 HK\$'000 (Unaudited)	As at 31st March, 2006 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	497,857	468,396
Leasehold land and land use rights	11	335,976	338,976
Investment properties	11	122,450	122,450
Intangibles	11	218,247	223,427
Available-for-sale financial assets	12	169,286	173,106
Held-to-maturity securities	13	9,368	5,466
Investment in associated companies	14	3,569	4,188
Investment in jointly controlled entities	15	32,634	30,260
Rental deposits		101,666	99,373
Other non-current assets		350	350
Deferred tax assets		13,463	13,224
		1,504,866	1,479,216
		1,504,866	1,479,216
<b>Current assets</b>			
Inventories		76,435	69,008
Trade and other receivables	16	52,771	48,110
Prepayments, deposits and other current assets		89,450	52,213
Financial assets stated at fair value through profit or loss	18	93,703	93,011
Cash and bank balances		510,770	559,506
		823,129	821,848
		823,129	821,848
<b>Total assets</b>		2,327,995	2,301,064

# CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*



	Note	As at 30th September, 2006 HK\$'000 (Unaudited)	As at 31st March, 2006 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		62,669	59,691
<b>Current liabilities</b>			
Trade creditors	17	104,974	78,977
Other creditors and accrued liabilities		335,758	273,681
Taxation payable		35,344	24,641
		<u>476,076</u>	<u>377,299</u>
<b>Total liabilities</b>		<u>538,745</u>	<u>436,990</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	19	54,490	54,081
Reserves (including interim dividend proposed of HK\$65,390,000; 31st March, 2006: final and special dividends proposed of HK\$244,899,000)	21	1,734,760	1,809,993
		<u>1,789,250</u>	<u>1,864,074</u>
<b>Total equity</b>		<u>1,789,250</u>	<u>1,864,074</u>
<b>Total equity and liabilities</b>		<u>2,327,995</u>	<u>2,301,064</u>
<b>Net current assets</b>		<u>347,053</u>	<u>444,549</u>
<b>Total assets less current liabilities</b>		<u>1,851,919</u>	<u>1,923,765</u>

The notes are an integral part of these condensed consolidated interim financial information.



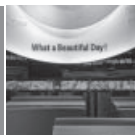
## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2006

### Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Exchange translation reserve	Contributed surplus	Capital reserve	Investment reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1st April, 2005	53,576	43,124	152,034	6,864	85,197	(2,470)	-	1,341,569	1,679,894
Profit for the period	-	-	-	-	-	-	-	135,591	135,591
Exchange differences arising on consolidation	-	-	-	501	-	-	-	-	501
Total recognised income for the six months ended 30th September, 2005	-	-	-	501	-	-	-	135,591	136,092
Changes in fair market value of available-for-sale financial assets	-	-	-	-	-	-	(3,466)	-	(3,466)
Issuance of new shares upon exercise of share options	451	12,853	-	-	-	-	-	-	13,304
Dividends	-	-	-	-	-	-	-	(108,053)	(108,053)
Balance at 30th September, 2005	<u>54,027</u>	<u>55,977</u>	<u>152,034</u>	<u>7,365</u>	<u>85,197</u>	<u>(2,470)</u>	<u>(3,466)</u>	<u>1,369,107</u>	<u>1,717,771</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)



## Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Exchange translation reserve	Share based compensation reserve	Contributed surplus	Capital reserve	Investment reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1st April, 2006	54,081	57,505	152,034	2,432	3,449	85,197	21,079	(8,875)	1,497,172	1,864,074
Profit for the period	-	-	-	-	-	-	-	-	151,472	151,472
Exchange differences arising on consolidation	-	-	-	(2,727)	-	-	-	-	-	(2,727)
Total recognised income for the six months ended 30th September, 2006	-	-	-	(2,727)	-	-	-	-	151,472	148,745
Changes in fair market value of available-for-sale financial assets	-	-	-	-	-	-	-	5,813	-	5,813
Share based compensation expense	-	-	-	-	3,758	-	-	-	-	3,758
Issuance of new shares upon exercise of share options	409	11,656	-	-	-	-	-	-	-	12,065
Dividends	-	-	-	-	-	-	-	-	(245,205)	(245,205)
Balance at 30th September, 2006	<u>54,490</u>	<u>69,161</u>	<u>152,034</u>	<u>(295)</u>	<u>7,207</u>	<u>85,197</u>	<u>21,079</u>	<u>(3,062)</u>	<u>1,403,439</u>	<u>1,789,250</u>

The notes are an integral part of these condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September, 2006

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash inflow from operating activities	<b>277,955</b>	241,017
Net cash outflow in investing activities	<b>(89,842)</b>	(133,249)
Net cash outflow in financing activities	<b>(233,140)</b>	(96,968)
Net (decrease)/increase in cash and bank balances	<b>(45,027)</b>	10,800
Effect of foreign exchange rate changes	<b>(3,709)</b>	501
Cash and bank balances, beginning of period	<b>559,506</b>	524,989
Cash and bank balances, end of period	<b>510,770</b>	536,290

The notes are an integral part of these condensed consolidated interim financial information.



## 1 GENERAL INFORMATION

Café de Coral Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda with limited liability on 1st October, 1990. The address of its registered office is Canon’s Count, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal activity of the Company is investment holding. The Company’s subsidiaries are 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 Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information are presented in thousands of units of Hong Kong dollars (HK\$’000) unless otherwise stated. These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 5 December, 2006.

## 2 BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information for the six months ended 30th September, 2006 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed consolidated interim financial information should be read in conjunction with the 2006 annual financial statements for the year ended 31st March, 2006.



### 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of and as described in the annual financial information for the year ended 31st March, 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31st March, 2007.

- Amendment to HKAS 19, 'Actuarial gains and losses, group plans and disclosures', effective for annual periods beginning on or after 1st January, 2006. The Group decided to retain its former accounting policy regarding the recognition of actuarial gains and losses.
- Amendment to HKAS 39, 'The fair value option', effective for annual periods beginning on or after 1st January, 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to 1st January, 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.
- Amendment to HKAS 21, 'Net investment in a foreign operation', effective for annual periods beginning on or after 1st January, 2006. The amendment to this standard does not result in substantial changes to the Group's accounting policies.
- Amendment to HKAS 39 and HKFRS 4, 'Financial guarantee contracts', effective for annual periods beginning on or after 1st January, 2006. The amendment to this standard does not result in substantial changes to the Group's accounting policies.
- HK(IFRIC)-Int 4, 'Determining whether an agreement contains a lease', effective for annual periods beginning on or after 1st January, 2006. This interpretation does not result in substantial changes to the Group's accounting policies.



### 3 ACCOUNTING POLICIES *(Continued)*

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- HK(IFRIC)-Int 7, 'Applying the Restatement Approach under HKAS 29', effective for annual periods beginning on or after 1st March, 2006. Management does not expect the interpretation to be relevant for the Group;
- HK(IFRIC)-Int 8, 'Scope of HKFRS 2', effective for annual periods beginning on or after 1st May, 2006. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's operations;
- HK(IFRIC)-Int 9, 'Reassessment of Embedded Derivatives', effective for annual periods beginning on or after 1st June, 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and
- HKFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1st January, 2007. HKAS 1, 'Amendments to capital disclosures', effective for annual periods beginning on or after 1st January, 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1st January, 2007.



#### 4 SEGMENT INFORMATION

(i) *Primary reporting format – geographical segments*

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

The segment results for the six months ended 30th September, 2006 are as follows:

	<b>Hong Kong and Mainland China HK\$'000 (Unaudited)</b>	<b>North America HK\$'000 (Unaudited)</b>	<b>Group HK\$'000 (Unaudited)</b>
Segment revenues	<u>1,725,343</u>	<u>149,107</u>	<u>1,874,450</u>
Segment results	<u>179,875</u>	<u>(9,646)</u>	170,229
Finance costs	(803)	–	(803)
Interest income	17,575	62	17,637
Share of profit of associates	560	–	560
Share of loss of jointly controlled entities	(2,937)	–	<u>(2,937)</u>
Profit before income tax			184,686
Income tax expense	(33,214)	–	<u>(33,214)</u>
Profit attributable to the equity holders of the Company			<u>151,472</u>



**4 SEGMENT INFORMATION** (Continued)

*(i) Primary reporting format – geographical segments* (Continued)

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2006 are as follows:

	<b>Hong Kong and Mainland China HK\$'000 (Unaudited)</b>	<b>North America HK\$'000 (Unaudited)</b>	<b>Group HK\$'000 (Unaudited)</b>
Depreciation	70,853	6,617	77,470
Amortisation of intangible assets	1,351	3,829	5,180
Amortisation of leasehold land and land use rights	3,000	–	3,000
Impairment of trade receivables	–	242	242
	<u>          </u>	<u>          </u>	<u>          </u>

**4 SEGMENT INFORMATION** (Continued)**(i) Primary reporting format – geographical segments** (Continued)

The segment results for the six months ended 30th September, 2005 are as follows:

	Hong Kong and Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Segment revenues	<u>1,609,614</u>	<u>-</u>	<u>1,609,614</u>
Segment results	<u>170,317</u>	<u>-</u>	170,317
Finance costs	(2,219)	-	(2,219)
Interest income	16,924	-	16,924
Share of profit of associates	516	-	516
Share of loss of jointly controlled entities	(1,377)	(17,163)	<u>(18,540)</u>
Profit before income tax			166,998
Income tax expense	(31,407)	-	<u>(31,407)</u>
Profit attributable to the equity holders of the Company			<u>135,591</u>



#### 4 SEGMENT INFORMATION (Continued)

##### (i) Primary reporting format – geographical segments (Continued)

Other segment terms included in the condensed consolidated interim income statement for the six months ended 30th September, 2005 are as follows:

	Hong Kong and Mainland China HK\$'000 (Unaudited)	North America HK\$'000 (Unaudited)	Group HK\$'000 (Unaudited)
Depreciation	64,874	–	64,874
Amortisation of intangible assets	1,352	–	1,352
Amortisation of leasehold land and land use rights	3,390	–	3,390
Impairment of trade receivables	<u>1,306</u>	<u>–</u>	<u>1,306</u>

##### (ii) Secondary reporting format – business segment

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



## 5 SALES AND OTHER GAIN

The Group is principally engaged in the operation of quick service restaurants and catering services.

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Sales represented:		
Sales of food and beverages	<b>1,837,920</b>	1,596,373
Rental income	<b>14,622</b>	13,241
Royalty income	<b>21,908</b>	–
	<b><u>1,874,450</u></b>	<u>1,609,614</u>
Other gain, net represented:		
Interest income	<b>17,637</b>	16,924
Management and service fee income	<b>5,707</b>	6,554
Fair value gains on financial assets at fair value through profit or loss	<b>628</b>	1,020
Sundry income, net	<b>13,346</b>	6,944
	<b><u>37,318</u></b>	<u>31,442</u>



## 6 OPERATING PROFIT

The following items have been charged to the operating profit during the interim period:

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of property, plant and equipment	<b>77,470</b>	64,874
Amortisation of leasehold land and land use rights	<b>3,000</b>	3,390
Amortisation of trademarks and franchise rights (including in administrative expense)	<b>5,180</b>	1,352
Loss on disposal of property, plant and equipment	<b>2,129</b>	1,431
Fair value gains of financial assets at fair value through profit or loss	<b>628</b>	1,020
Provision for impairment of property, plant and equipment	<b>1,000</b>	1,096
Provision for impairment on trade and other receivables	<b>242</b>	1,306
Staff costs	<b>480,690</b>	417,238

Goodwill is not subject to amortisation but are tested for impairment annually or whenever there is any indication of impairment. At 30th September, 2006, there was no indication of impairment.

Intangible assets other than goodwill that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. At 30th September, 2006, there was no indication of impairment.





## 7 FINANCE COSTS

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest expense on bank loans wholly repayable within 5 years	<b>803</b>	2,219

## 8 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the 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.

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

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current taxation:		
– Hong Kong profits tax	<b>24,598</b>	27,113
– Overseas taxation	<b>5,769</b>	3,252
Deferred taxation relating to the origination and reversal of temporary differences	<b>2,847</b>	1,042
	<b>33,214</b>	31,407



## 9 EARNINGS PER SHARE

### *Basic*

Basic earning per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to equity holders of the Company	<b>HK\$151,472</b>	HK\$135,591
Weighted average number of ordinary shares in issue	<b>541,002</b>	539,349
Basic earnings per share (HK cents per share)	<b><u>28.00 HK cents</u></b>	<u>25.14 HK cents</u>

**9 EARNINGS PER SHARE** (Continued)**Diluted**

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares – share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to shares that would have been issued assuming the exercise of the share options.

	<b>Six months ended 30th September,</b>	
	<b>2006 '000 (Unaudited)</b>	2005 '000 (Unaudited)
Profit attributable to equity holders of the Company	<b>HK\$151,472</b>	HK\$135,591
Weighted average number of ordinary shares in issue	<b>541,002</b>	539,349
Adjustments for – share options	<b>7,561</b>	6,873
Weighted average number of ordinary shares for diluted earnings per share	<b>548,563</b>	546,222
Diluted earnings per share (HK cents per share)	<b>27.61 HK cents</b>	24.82 HK cents



## 10 DIVIDENDS

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Dividends proposed		
– Interim, 12 HK cents (2005: 10 HK cents) per share	<b><u>65,390</u></b>	<u>54,027</u>

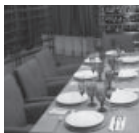


## 11 CAPITAL EXPENDITURE

	Intangible assets		Total intangible assets	Investment properties	Property, plant and equipment	Leasehold land and land use rights	Total
	Goodwill	Trademark					
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>At 1st April, 2005</b>							
Cost/Valuation	1,352	64,694	66,046	110,400	1,343,547	422,856	1,942,849
Accumulated depreciation/ amortisation	(246)	(47,348)	(47,594)	–	(929,490)	(76,927)	(1,054,011)
Net book amount	<u>1,106</u>	<u>17,346</u>	<u>18,452</u>	<u>110,400</u>	<u>414,057</u>	<u>345,929</u>	<u>888,838</u>
<b>Year ended 31st March, 2006</b>							
Opening net book amount	1,106	17,346	18,452	110,400	414,057	345,929	888,838
Acquisition of subsidiary	102,445	108,423	210,868	–	53,172	–	264,040
Additions	–	–	–	–	144,824	–	144,824
Fair value gains	–	–	–	12,050	–	–	12,050
Depreciation/ amortisation expense	–	(5,893)	(5,893)	–	(137,436)	(6,953)	(150,282)
Disposals	–	–	–	–	(6,531)	–	(6,531)
Exchange difference	–	–	–	–	755	–	755
Provision for impairment	–	–	–	–	(445)	–	(445)
Closing net book amount	<u>103,551</u>	<u>119,876</u>	<u>223,427</u>	<u>122,450</u>	<u>468,396</u>	<u>338,976</u>	<u>1,153,249</u>

**11 CAPITAL EXPENDITURE (Continued)**

	Intangible assets		Total intangible assets	Investment properties	Property, plant and equipment	Leasehold	Total
	Goodwill	Trademark				land and land use rights	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>At 31st March, 2006</b>							
Cost/Valuation	103,551	173,117	276,668	122,450	1,549,698	422,856	2,371,672
Accumulated depreciation/ amortisation	–	(53,241)	(53,241)	–	(1,081,302)	(83,880)	(1,218,423)
Net book amount	<u>103,551</u>	<u>119,876</u>	<u>223,427</u>	<u>122,450</u>	<u>468,396</u>	<u>338,976</u>	<u>1,153,249</u>
<b>Period ended</b>							
<b>30th September, 2006</b>							
Opening net book amount	103,551	119,876	223,427	122,450	468,396	338,976	1,153,249
Additions	–	–	–	–	109,095	–	109,095
Depreciation/ amortisation expense	–	(5,180)	(5,180)	–	(77,470)	(3,000)	(85,650)
Disposals	–	–	–	–	(2,146)	–	(2,146)
Exchange difference	–	–	–	–	982	–	982
Provision for impairment	–	–	–	–	(1,000)	–	(1,000)
Closing net book amount	<u>103,551</u>	<u>114,696</u>	<u>218,247</u>	<u>122,450</u>	<u>497,857</u>	<u>335,976</u>	<u>1,174,530</u>
<b>At 30th September, 2006</b>							
Cost/Valuation	103,551	173,117	276,668	122,450	1,635,315	422,856	2,457,289
Accumulated depreciation/ amortisation	–	(58,421)	(58,421)	–	(1,137,458)	(86,880)	(1,282,759)
Net book amount	<u>103,551</u>	<u>114,696</u>	<u>218,247</u>	<u>122,450</u>	<u>497,857</u>	<u>335,976</u>	<u>1,174,530</u>



## 12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Available-for-sale financial assets:		
– Unlisted investments	<b>169,286</b>	173,106

## 13 HELD-TO-MATURITY SECURITIES

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Held-to-maturity securities:		
– Debt securities listed overseas at amortised cost	<b>9,368</b>	5,466
Quoted market value of listed debt securities	<b>9,250</b>	5,294

## 14 INVESTMENT IN ASSOCIATED COMPANIES

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Share of net assets	<b>2,511</b>	2,070
Due from associated companies	<b>1,058</b>	2,118
	<b>3,569</b>	4,188

The amounts due from the associated companies are unsecured, non-interest bearing and not repayable within the next twelve months.



## 15 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Goodwill on acquisition of jointly controlled entities	<b>5,604</b>	5,604
Share of net assets	<b>25,683</b>	23,979
Due from jointly controlled entities	<b>1,347</b>	677
	<b><u>32,634</u></b>	<u>30,260</u>

The amounts due from the jointly controlled entities are unsecured, non-interest bearing and not repayable within the next twelve months.

## 16 TRADE AND OTHER RECEIVABLES

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Trade receivables	<b>36,904</b>	30,930
Less: provision for impairment of receivables	<b>(4,263)</b>	(4,021)
	<b><u>32,641</u></b>	<u>26,909</u>
Other receivables	<b>20,130</b>	21,201
	<b><u>52,771</u></b>	<u>48,110</u>

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

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



## 16 TRADE AND OTHER RECEIVABLES (Continued)

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
0 – 30 days	17,179	13,828
31 – 60 days	7,334	5,892
61 – 90 days	915	1,027
Over 90 days	11,476	10,183
	<u>36,904</u>	<u>30,930</u>

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of dispersed customers.

## 17 TRADE CREDITORS

The aging analysis of the trade creditors is as follows:

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
0 – 30 days	98,134	71,924
31 – 60 days	4,657	3,412
61 – 90 days	1,129	892
Over 90 days	1,054	2,749
	<u>104,974</u>	<u>78,977</u>



## 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September, 2006 HK\$'000 (Unaudited)	31st March, 2006 HK\$'000 (Audited)
Equity securities listed in Hong Kong	109	752
Investment funds	<u>93,594</u>	<u>92,259</u>
	<u><b>93,703</b></u>	<u><b>93,011</b></u>

## 19 SHARE CAPITAL

	(Unaudited) 30th September, 2006		(Audited) 31st March, 2006	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal Value HK\$'000
<b>Authorised</b>				
Ordinary shares of HK\$0.10 each				
Beginning and end of period/year	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
<b>Issued and fully paid</b>				
Beginning of period/year	540,810	54,081	535,764	53,576
Shares issued under share option scheme (Note 20)	<u>4,090</u>	<u>409</u>	<u>5,046</u>	<u>505</u>
End of period/year	<u><b>544,900</b></u>	<u><b>54,490</b></u>	<u><b>540,810</b></u>	<u><b>54,081</b></u>



## 20 SHARE OPTIONS

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the “Previous Scheme”), the Company has granted certain options to executives and employees of the Group, including executive directors employed by the Group, to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme was terminated upon the passing of a shareholders resolution for adoption of another share option scheme on 19th September 2000 (the “Scheme”). Accordingly, no options can be granted under the Previous Scheme as at the date of this report. However, for the outstanding options granted and yet to be exercised under the Previous Scheme, the existing rights of the grantees are not affected. No share options had been granted under the Scheme since its adoption.

On 24th September, 2003, the Scheme was terminated upon the passing of a shareholders’ resolution for adoption of a new share option scheme (the “New Scheme”). Pursuant to the New Scheme, the Company may grant options to executive and non-executive directors, employees, suppliers and customers of the Group and consultants, advisors, managers, officers and corporations that provided research, development or other technical support to the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. As at 30th September, 2006, the Company has granted options to certain employees of the Group (including executive directors of the Company) pursuant to the New Scheme.

For options granted under the Previous Scheme, the exercise price in relation to each option was determined by the board of directors of the Company, but in any event would be the higher of (i) the nominal value of the shares of the Company or (ii) an amount which is not less than 80% nor more than 100% of the average of the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) daily quotations sheets for the five business days immediately preceding the date of offer of the option. The exercise period and the vesting period of the options were also determined by the board of directors and the options shall expire at the end of a 5-year period after the options become exercisable.



## 20 SHARE OPTIONS (Continued)

For options granted under the New Scheme, the exercise price in relation to each option was determined by the board of directors of the Company, but in any event would not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the nominal value of a share. The exercise period and the vesting period of the options were also determined by the board of directors and the option expire at the end of a 5-year period after the options become exercisable save that such period shall not expire later than 10 years from the date of grant.

### *Movements in share options*

	<b>30th September, 2006 (Unaudited)</b>	31st March, 2006 (Audited)
Beginning of period/year	<b>24,404,000</b>	14,890,000
Granted	-	14,600,000
Exercised	<b>(4,090,000)</b>	(5,046,000)
Cancelled upon termination of employment	<b>(400,000)</b>	(40,000)
	<b>19,914,000</b>	24,404,000
Options vested	<b>724,000</b>	424,000



## 20 SHARE OPTIONS (Continued)

### Details of share options

Grant Date	Exercise Period	Exercise price HK\$	(Unaudited) 30th September, 2006		(Audited) 31st March, 2006	
			Number of options outstanding	Number of options vested	Number of options outstanding	Number of options vested
4th November, 1999	1st April, 2003 to 31st March, 2013	2.950	5,714,000	724,000	9,804,000	424,000
1st November, 2005	1st January, 2007 to 31st October, 2015	8.800	4,000,000	-	4,000,000	-
1st November, 2005	1st January, 2007 to 31st October, 2015	8.750	10,200,000	-	10,600,000	-
			<b>19,914,000</b>	<b>724,000</b>	<b>24,404,000</b>	<b>424,000</b>



## 21 RESERVES

	Share premium	Capital redemption reserve	Exchange translation reserve	Share based compensation reserve	Capital reserve	Contributed surplus	Investment reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1st April, 2005	43,124	152,034	6,864	-	(2,470)	85,197	-	1,341,569	1,626,318
Premium on shares issued upon exercise of share options	12,853	-	-	-	-	-	-	-	12,853
Changes in fair market value of available-for-sale financial assets	-	-	-	-	-	-	(3,466)	-	(3,466)
Exchange differences arising on consolidation	-	-	501	-	-	-	-	-	501
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	135,591	135,591
Dividends	-	-	-	-	-	-	-	(108,053)	(108,053)
	<u>55,977</u>	<u>152,034</u>	<u>7,365</u>	<u>-</u>	<u>(2,470)</u>	<u>85,197</u>	<u>(3,466)</u>	<u>1,369,107</u>	<u>1,663,744</u>
At 30th September, 2005	55,977	152,034	7,365	-	(2,470)	85,197	(3,466)	1,369,107	1,663,744
At 1st April, 2006	57,505	152,034	2,432	3,449	21,079	85,197	(8,875)	1,497,172	1,809,993
Premium on shares issued upon exercise of share options	11,656	-	-	-	-	-	-	-	11,656
Exchange differences arising on consolidation	-	-	(2,727)	-	-	-	-	-	(2,727)
Changes in fair market value of available-for-sale financial assets	-	-	-	-	-	-	5,813	-	5,813
Share based compensation expense	-	-	-	3,758	-	-	-	-	3,758
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	151,472	151,472
Dividends	-	-	-	-	-	-	-	(245,205)	(245,205)
	<u>69,161</u>	<u>152,034</u>	<u>(295)</u>	<u>7,207</u>	<u>21,079</u>	<u>85,197</u>	<u>(3,062)</u>	<u>1,403,439</u>	<u>1,734,760</u>
At 30th September, 2006	69,161	152,034	(295)	7,207	21,079	85,197	(3,062)	1,403,439	1,734,760



## 22 CAPITAL COMMITMENTS

	<b>30th September, 2006 HK\$'000 (Unaudited)</b>	31st March, 2006 HK\$'000 (Audited)
Acquisition of property, plant and equipment		
Contracted but not provided for	<b>7,141</b>	10,468
Authorised but not contracted for	<b>83,374</b>	120,717
	<b>90,515</b>	131,185

## 23 RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

Particulars of significant transactions between the Group and related parties are summarised as follows:

	<b>Six months ended 30th September, 2006 HK\$'000 (Unaudited)</b>	2005 HK\$'000 (Unaudited)
Operating lease rentals paid to related parties:		
– Tinway Investments Limited (Note (a))	<b>1,056</b>	828
– LBK Holding Corporation (Note (b))	<b>–</b>	450
	<b>1,056</b>	1,278

- (a) Tinway Investments Limited is a company jointly owned by Ms. Lo Pik Ling, Anita, a director of the Company, an associate of Mr. Chan Yue Kwong, Michael, the Chairman of the Company and Ardley Enterprises Limited, a company wholly and beneficially owned by the family members of Mr. Lo Hoi Kwong, Sunny, a director of the Company.



## 23 RELATED PARTY TRANSACTIONS (Continued)

### (a) Transactions with related parties (Continued)

- (b) LBK Holding Corporation is controlled by the associates of Mr. Lo Hoi Chun, a non-executive director of the Company.

The above transactions were carried out in accordance with the terms of the contracts entered into by the Group with the related parties.

### (b) Key management compensation

	<b>Six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Salaries and allowances	<b>3,695</b>	3,107
Others	<b>9,114</b>	8,023
	<hr/>	<hr/>
	<b>12,809</b>	11,130
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大家樂集團有限公司  
CAFÉ DE CORAL HOLDINGS LIMITED  
(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)

