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## EXECUTIVE SUMMARY

This proposal puts forth recommendations for a three-year development plan for Café de Coral Holdings Limited (“the Group”). Having celebrated its 45th anniversary in 2013, the Group has not only become a leader in Hong Kong catering industry but also established its presence around the world. Facing with the rapid changing business environment, it would be essential for the Group to identify the challenges and grasp the opportunities in the coming years in order to continue its success. This proposal details the TABLE strategies that if successfully implemented, will help put the Group on a solid footing in this competitive marketplace.

**TABLE** strategies aim to strengthen the Group’s competencies and boost its financial performance for the coming three years from 2014 to 2016. Specifically, **T** stands for Technology. It is believed that technology enhancement amid the rise of the mobile population will reach out more customers and create more convenient dining experience for the patrons, resulting increased revenue for the Group. **A** stands for Alignment. It aims to align the Group’s overall structure with its strategic direction so as to achieve better resource utilization. **B** stands for Brand. Branding strategy strives for a “happy, healthy, yet affordable” dining brand in Hong Kong and across the region. **L** stands for Limitation, a strategy to let up the amount of dividend payout to shareholders. To utilize the cash for market expansion and generate even greater returns would be in the best interest of the shareholders than simply handing out cash. **E** stands for Expansion. Although the Group suffered at the early stage of expansion in PRC market, the PRC market is simply too big to ignore. Combined with the branding strategy and the general concern of the food safety in China, the Group would be in much better position with a primary focus on offering safe food with purely Hong Kong flavor.

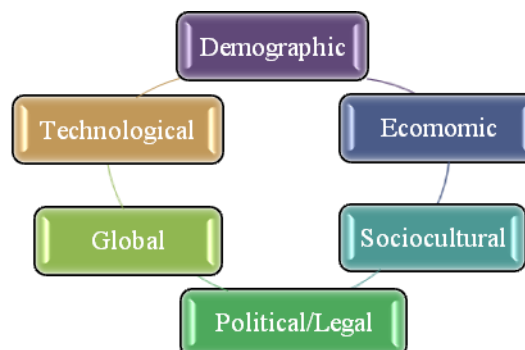
If the TABLE strategies are carried out successfully, the forecasted financial performance of the Group indicates that by 2016, the revenue and net profit of the Group will both be increased by more than 110%.

## INTRODUCTION

Incorporated in 1968 and listed in 1986, the Group has become one of the leading catering enterprises around the world. While the Hong Kong base contributes 79% of its turnover up to 2013, the Group has also expanded into PRC and North America markets. UP to June 2013, the total number of units operating worldwide had reached 594, with 210 being Quick Service Restaurants, accounting for more than half of the Group's sales. The Group, however, has developed multiple brands to grasp more market opportunities. To efficiently support the Group's operation, two main processing plants are built, one in Guangdong and the other in Hong Kong. The sustainable success of the Group is demonstrated by its steady upward trend of its financial growth, with net profit and EPS increased by 124% and 113% respectively from 2003 to 2013.

The Group is committed to its well-established business model, attested and proven to be very constructive in the past. It is admirable that the Group always considers sustainable development in the long run instead of spotlighting quick fix. To put its mission of ensuring the continued happiness of its own people and the society, the Group devotes itself not only in providing better training and welfare for its people, enhancing the quality and service for the customers and creating values for its shareholders, but also in taking the corporate social responsibility seriously to benefit the society as a whole.

## GENERAL ENVIRONMENT ANALYSIS



## **The Demographic Segment**

The rising middle and affluent class in China is the direct result of past thirty years' of economic growth since 1978, the year signifying the launch of the "open-door" policy. The expected number of the affluent class, defined as those with annual disposable income between \$20k and \$1 million, will be 280 million by 2020. The affluent middle class contributes to 30% of China's consumption (Vincent Lui, Youchi Kuo, Justin Fung, Jeff Walters, Hubert Hsu, and Carol Liao, 2012). In Hong Kong, the total population reached 7.15 million by mid-2012. The median family income was \$20,700 in 2012. (Hong Kong: The facts, 2013) The increasing income level and population provide growing income source for the Group.

## **The Economic Segment**

The economy of China is growing steadily but not as fast as before. The Gross Domestic Product ("GDP") of China is over 56 trillion RMB in 2013, an increase of 7.7% from 2012 (国家统计局, 2014). This is the lowest growth rate since 1999. In addition, soaring rents, food prices and labor cost dramatically increase the operating cost of catering industry. The slowing down of economic growth and increasing of operating costs are expected to continue for the coming years, which will be a big challenge for the Group's further expansion in China.

## **The Sociocultural Segment**

Purchasing habits and beliefs of consumers are changing. Consumers are becoming more sophisticated than before. As a result, emotional gratification and social recognition are pursued beyond utilitarian functions of products. What is more, consumers are increasingly aware of the influence of their consumption on the environment and the society. Dining out with friends and family instead of cooking at home is popular. At the same time, consumers are becoming more and more health conscious. The widespread belief that China's catering operators use some of the very low quality materials and even hazardous ingredients makes people to be more receptive of non-China brands. Such dynamic changes provide more opportunities for the Group, and will serve as the driving force for the Group to strive to do better.

### **The political/Legal Segment**

In early 2013, President Xi declared bans on official extravagance in order to control corruption and cut unnecessary expense (China's Xi Jinping bans official extravagance, 2013). High-end restaurants face slow growth since fewer people go dining for business purpose. On the contrary, patronage of fast-service restaurant has become a viable alternative for business as well as social functions.

### **The Technological Segment**

Innovations bring new opportunities for catering industry. Instead of relying on the traditional TV advertising, companies are increasingly capitalized on the widespread use of the Internet and social media to build up brand and connect with targeted customers. Furthermore, new technologies can help reduce costs, enhance supply chain efficiency, and reduce food waste such as LeanPath (Hutcherson, 2013).

### **The Global Segment**

As an emerging market, China has enjoyed incredible growth in trade and cultural exchange for the past few decades. Westerners are increasingly interested in Chinese cuisine and Chinese culture. At the same time, the potential risk from fluctuating exchange rates and pressure to improve environmental standards cannot be neglected.

## **FINANCIAL POSITION ANALYSIS**

### **Financing Structure**

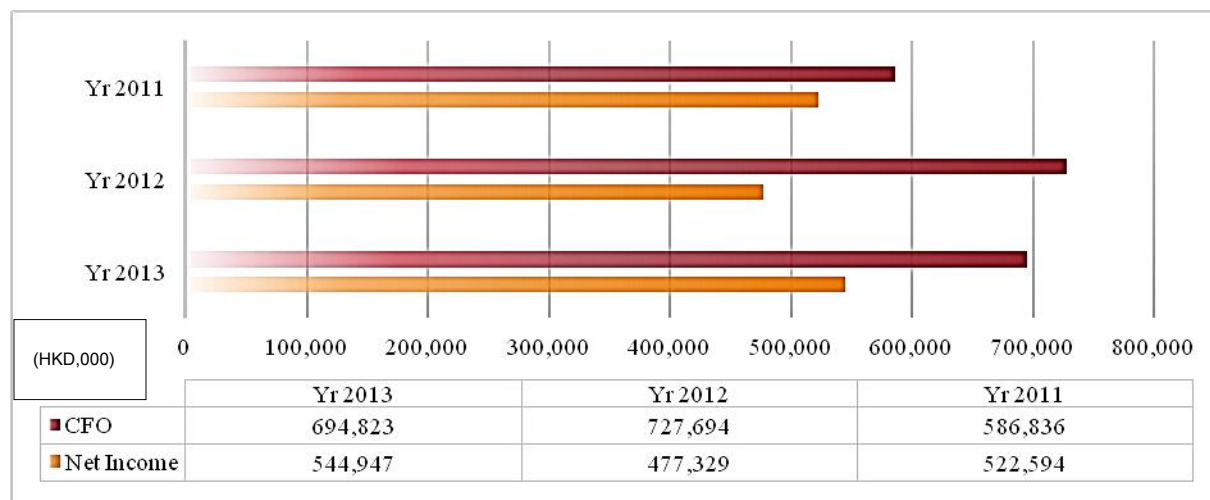
The Group operates in a very conservative manner, as the source of financing is dominated by shareholders' equity (80%). The only 2% non-current liability includes no debt financing at all. For the current liability, it mainly includes the payable to the suppliers. Such financing structure has little change in the past three years.

This "no debt" strategy has its own advantages. The firm will experience little effect from the external factors such as high interest rate. The "no risk" feature enables the Group to enjoy "a

scarcity premium over their leveraged", according to Pankaj Pandey, head of research, ICICI Securities (Dhanorkar, 2014). On the other hand, however, the Group puts little efforts to maintain or improve its credit record, which would be an disadvantage should the Group wish to use leverage for further growth and expansion.

### Cash Flow from Operating Activities

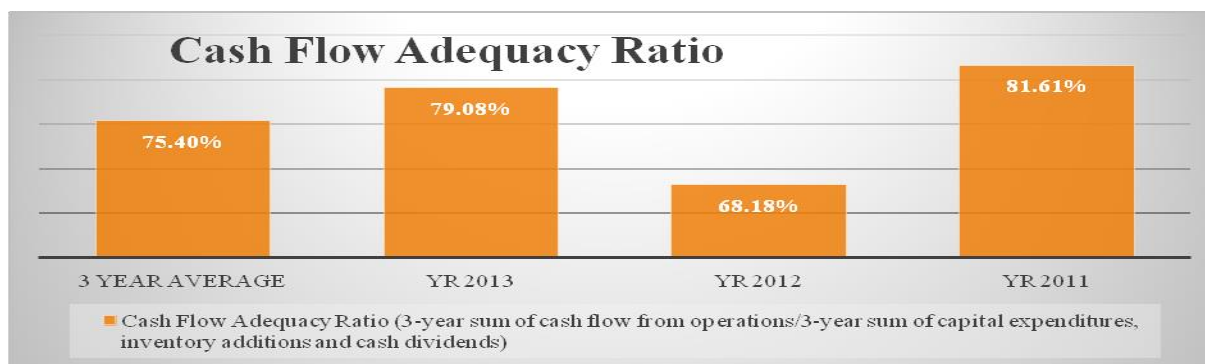
Cash Flow from Operating Activities ("CFO") is always greater than Net Income, and it is changing in completely opposite directions. For example, while there was a decrease Net Income in 2012, the CFO actually increased a lot. This is mainly because of a dramatic increase in the account "Other creditors and accrued liabilities" (by HKD 94,925,000) and decrease in Deposit and Repayment. Year 2012 was a tough year for the Group and it seems that, the



Group was managing its cash outflow through delaying payments. It also reduced purchases for Inventories to save cash. Year 2012 also witnessed a great number of disposals of assets, including PPE and trademark, which partly was how the Group gained cash inflows.

### Cash Flow Ratios

The Cash Flow Adequacy Ratio is smaller than 1 (75.4%), meaning that during the 3 years ended 2013, cash sources are insufficient to maintain dividends and current operating growth levels, which further indicates that external financing is needed. The cash sources are all insufficient over the three years, among which year 2012 was the lowest. The situation improved in 2013.



### Return on Net Operating Asset

	Yr 2013	Yr 2012	Yr 2011
RNOA	19.05%	17.31%	19.59%
Net Operating Margin (NOPAT/Revenue)	7.58%	6.99%	8.27%
Net Operating Asset Turnover (Revenue/Average NOA)	2.5	2.5	2.4

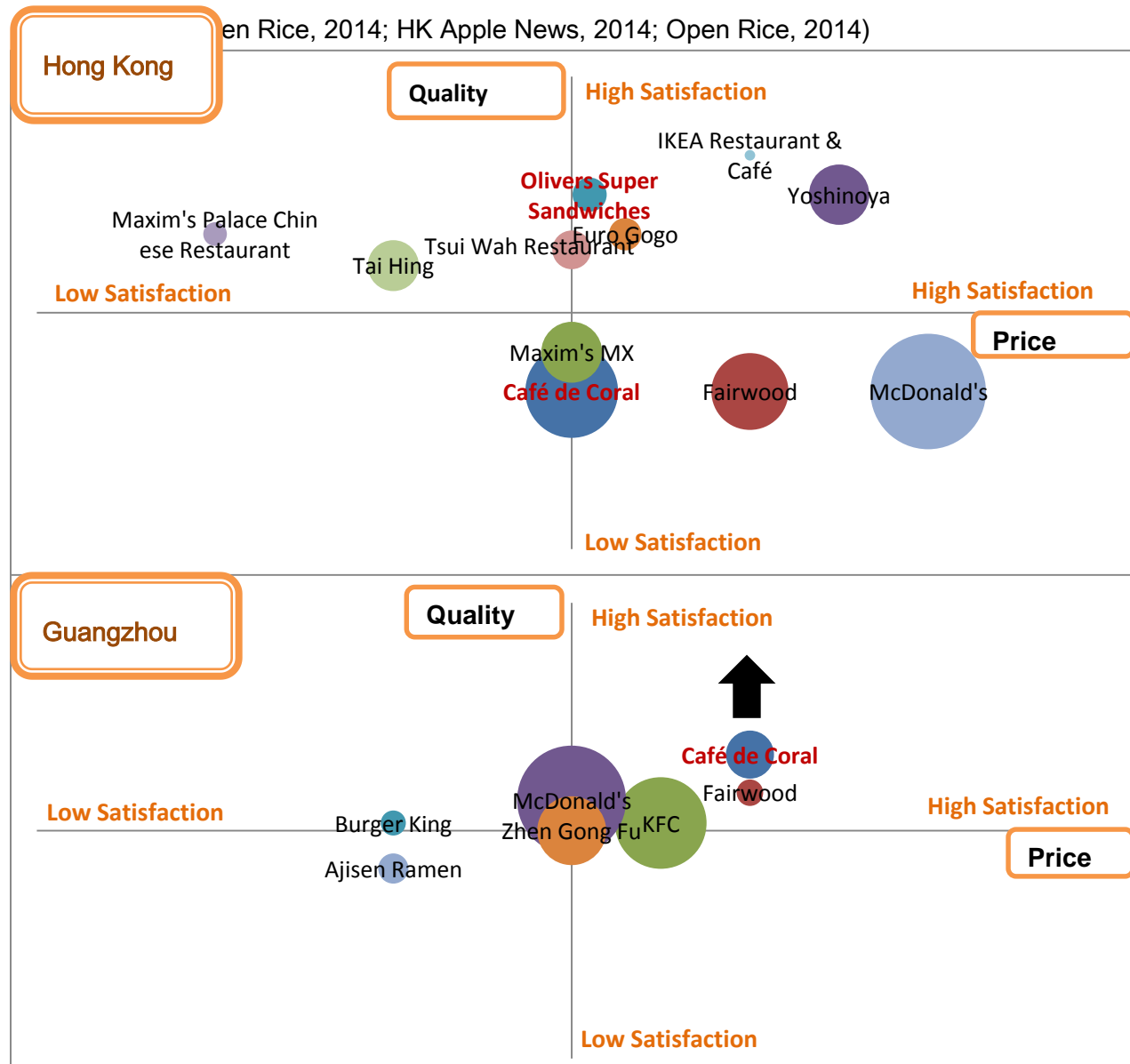
Concerned with the Return on Net Operating Asset (Net Operating Income/ Average Net Operating Assets), the Group is doing a good job and provides large profit.

The RNOA decrease in 2012 is because of a decrease in Net Operating Margin, according to the disaggregation analysis. This is caused by larger difference between NOPAT and Revenue, which shows increase in Expense can be the reason. On the one hand, the company is experiencing increasing costs in employees' wages; on the other hand, it also continues its expansion by spending more on materials, land and utility.

To make a brief conclusion to the financial position analysis section, the Group could make a better use of its cash by decreasing dividends and reinvesting more.

## STRATEGIC POSITION ANALYSIS

Perceptual map is used to analyze the position of Cafe de Coral in both Hong Kong and PRC



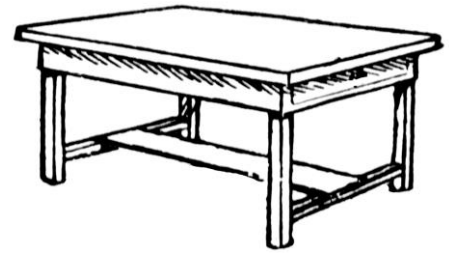
In Hong Kong fast food market, the brand Oliver Super Sandwiches is in good quality with acceptable price, however, Cafe de Coral is in a relatively low satisfactory level in quality. In order to improve its image, Cafe de Coral can focus more on healthy food style to satisfy HK customers.

Concerned with China (Guangzhou) market, as a Hong Kong originated fast food restaurant, Cafe de Coral outstands from competitors. For further expansion and development, it is important to keep its HK style as its uniqueness to differentiate from others.



## RECOMMEDED STRATEGIES

We recommend TABLE strategies for the Group. While tables are essential to the catering industry, the TABLE strategy is the future three-year development plan formulated for the Group, taking into consideration of its conservative tradition (The table signifies stable and



steady nature of its functionality and one can associate it with the Chinese idiom 四平八穩).

The main idea of the TABLE strategy is to increase its brand recognition in local market and beyond and to centralize its capital, increase its usage efficiency by investing in both technology improvement and market expansion.

**T**echnology enhancement is always valued highly by the Group. In the past decade, the Group used pioneering technologies to facilitate its membership program, enabled online checking and developed self-help ordering machines. (Guosen Securities (HK), 2012) It is suggested that the Group should invest more on research & development (i.e., create an app) to introduce new customer experience. With the app, for example, both the Group and the clients will benefit. Cafe De Coral can get first-mover advantages to get more clients using smart phones, and promote the Group's brand name through internet. With more than 10 brands, Cafe De Coral has the distinguishing advantage to provide more choices for the app users compared with its competitors. For the customers, they can make orders in a mobile phone. To attract more people to download the app and show the corporate social responsibility, the app can post some healthy tips every day. Tailored to the increasing mobile lifestyle of the population, such app will help the Group to reach more customers and gain better brand recognition.

**A**lignment of the Group structure is also very urgent. From the segment performance analysis, some components or markets contributed little or negative profit, which no longer served the purpose of diversifying risks, but a waste of time and money.

Viewing the table below, it is easy to identify the elements that need to be disposed of. North

America had a bad performance in the past three years, with an impairment loss of HK\$48,232,000 in goodwill. In PRC market, the associate and jointly controlled entity had equally awful performance. As for the Hong Kong jointly controlled entity located in British Virgin Islands, the share of loss increased in 2013 while the share of net assets increases. Facing the deteriorating and unstable performance of the associates and jointly controlled entities, the Group should seriously consider abandoning certain products and market combinations, which are unprofitable and unattractive and focus the efforts and funds on the most promising ones. Such alignment of the Group's core business and markets will help enhance the return on investment and strengthen the board's supervision over the whole Group's operating situation.

	2013		2012		2011	
	North America		North America		North America	
<b>Segment Result (HK\$'000)</b>	-54449	-8.44%	-1449	-0.26%	-1631	-0.27%
<b>*Percentage shown= Segment Result of North America/ Operating Profit of Group (Data from Note 5 of Annual Reports)</b>						
	2013		2012		2011	
<b>Selected Item(HK\$'000)</b>	Hong Kong	PRC	Hong Kong	PRC	Hong Kong	PRC
<b>Impairment loss of JCE</b>		3700 -0.68%				
<b>Share of profit/(loss) of Asso.</b>	387 0.07%	-4825 -0.88%	1742 0.37%	-1812 -0.38%	2300 0.45%	107 0.02%
<b>Share of profit/(loss) of JCE</b>	-5995 -1.10%	8 0.00%	-279 -0.06%	-54 -0.01%	0	-67 -0.01%
<b>*Percentage shown= Selected Item/ Net Profit of Group (Data from Note 5 of Annual Reports)</b>						

**B**rand recognition is regarded as a core competency by the Group (Page 5, 2013 Annual Report, 2013) and by experienced analysts (黃瑋傑, 2013). However, it is far from being well developed. According to our survey, only 14 out of 50 respondents are aware of the fact that Olivers Super Sandwiches is part of the Group. This clearly indicates that the Group needs to build up a clearer and comprehensive image to the public. Most respondents of our survey haven't heard the CSR related activities done by the Group, such as the Green Monday, recruitment of disabled employees and Guide Dog Welcome program, to name a few. To differentiate itself from competitors, the Group should make its branding more proactively. It is suggested that the Group putting its efforts to distinct itself as a caring and health conscious company. Although Café de Coral Group has won a lot of awards for its contribution to the society, it is conjectured that the awards has not brought the company

enough obvious positive effects to its financial performance, if not no. Building up more brand recognition should be a very cost efficient strategy, as relatively fewer resources are needed to let the public aware of what the Group has been doing in terms of CSR activities so as to attract more customers through brand differentiation.

**L**imitation in dividends payout is necessary at this moment for the reinvestment. The Group has maintained a very high dividend payout ratio during the past few years. Between 2011 and 2013, the ratio reached 94%. Even in 2012 with relatively poor performance, it remained at high level of 74%. (CAFE DE CORAL H (00341.HK) Financial Ratios, 2014) More mature companies tend to have higher dividend payout rate. The Group has excellent performance of its EPS, thanks to its solid dividend policy, which is highly preferred by the investors. However, the high dividend payout ratio brings at least two direct problems. Firstly, the Group has the pressure to try to maintain the same high level even in bad performing years as not doing so may imply cash management problem and influence liquidity. (Dividend Payout Ratio)The Group has just learned the lesson in 2012. To generate sufficient cash to pay the dividends and stay liquidity, the group disposed of a larger amount of investment properties, trademark and financial assets. (Page.65, 2012 Annual Report, 2012) Secondly, a high dividend payout prohibits the Group from reinvesting and achieving long-time capital growth. Large companies do not always pay dividends (Dividend Payout Ratio). Even though the Group is in a less innovative industry, it still needs to reserve some money for reinvestment to ensure sustainable growth. For example, the Group has some investment related business in Canada, PRC and Hong Kong market. The Group's practice of zero-debt could be maintained. The dividend policy, however, has to be revised.

**E**xpansion in PRC market is what the Group has been doing in the past years and should continue so in the future. Plenty of opportunities and challenges exist at the same time in the PRC market. As mentioned in the general environment analysis section, even though the growing rate of economy is slowing down in recent years, it is still promising. The purchase power of PRC customers is becoming stronger. Meanwhile, the

prohibitions in high-end restaurants leave more development opportunities for affordable restaurants such as Café de Coral.

However, the inflation of various costs, the appreciation of RMB, together with all kinds of uncertainties such as H1N1, have made the PRC market very unpredictable.

**Rooted in Hong Kong, Thriving in China.**

[Cover page, 2013 Annual Report]

For long years, having experienced failure and success, the Group has not given up the golden opportunity of thriving in China and according to the expansion strategy in TABLE, the Group is right in the position of capitalizing on its “happy, healthy, yet affordable” catering brand to achieve more in the PRC market. To expand further in 1<sup>st</sup> tier and 2<sup>nd</sup> tier cities in PRC, there are several points to consider. First, location of restaurants should be CBD areas nearby office buildings to attract white-collars, who need convenient and healthy food. Secondly, the price of receipts should be set according to the situation of the city. In addition to this, promotion methods have to cater to the living style of local people. For example, mainland clients enjoy Weibo, then advertisement can be done through this channel. With comprehensive cooperation of these factors, the Group will be able to better expand into PRC.

## IMPLEMENTATIONS OF RECOMMENDED STRATEGIES

	2014	2015	2016
<i>Technology Enhancement</i>			
<i>Alignment of the Group's structure</i>			
<i>Brand Recognition</i>			
<i>Limitation in Dividends Payout</i>			
<i>Expansion in PRC Market</i>			

The above illustration gives an overview of the implementation of the TABLE strategy. In 2014, the Group should focus on technology upgrade, and reserving capital to prepare for expansion in PRC market. In 2015, the process of upgrading technology should be continued while the main focus should be transferred to the expansion of PRC market. In this year, the Group would increase its investment in PRC by opening up more stores. In 2016, the campaign of PRC market expansion is continued. At the same time, a visible return will appear. Till the year end of 2016, the Group would see not only a huge increase in market base and a clear brand image, but also an integrated and highly efficient business structure of the whole Group.

### Technology Enhancement

We will develop a user-friendly Catering App for Cafe De Coral as soon as possible in 2014.

#### Downloading Method

Clients can easily download the app through scanning the QP Code on the posters and leaflets displayed in the Cafe De Coral restaurants. They can also get access to the App through the link in the website of Cafe De Coral.

Our App will be supplied for IOS and Android users, as these two systems account for around 90% of the total smart phone market (Tech 163, 2013).

#### Functions

Promotion	Online Order	Diet Tips
a) New products suggestions b) Recent CSR events c) Club 100 Membership Service <ul style="list-style-type: none"> <li>i. E-coupon</li> <li>ii. Bonus points</li> <li>iii. Birthday discount and celebration</li> <li>iv. Holiday discount</li> </ul>	a) Direction to the nearest locations of Cafe De Coral b) Take-away Order c) Payment Method <ul style="list-style-type: none"> <li>i. Octopus Card</li> <li>ii. Credit Card</li> </ul>	a) Children b) Elderly c) Women d) Patients e) Office Workers
<b>Supporting Functions</b>		
a) Privacy Data Protection b) Facebook Sharing and Liking c) Linking from Open rice		

### Alignment of the Group's structure

According to previous analysis, the Group should be restructured to focus resource on profitable segments and markets. It is suggested that in 2014, the Group should divest all the loss associates and joint ventures. For the ones in British Virgin Island, the Group can hold for tax planning purpose. However, if it continues doing poorly in 2015, the Group should divest it. All the resources will be concentrated on subsidiaries in HK and PRC.

2014 Plan	Hong Kong	PRC	North America
Subsidiary	Hold	Hold	Close
Asso.	N/A	Close	Close
JCE	Close	Close	N/A

## **Brand Recognition**

The long-term promotion should focus on the theme of happy, healthy and affordable food. To achieve this, the Group should pay great attention to research and development to provide more fresh vegetables, less salt, less sugar, less oil but maintain the taste. All the nutrition and necessary ingredients will be shown on the receipt for clients to choose. Special offers for particular customer segments, including children, elderly and so on, will also be highlighted.

For the short term promotions, the Group will focus on the information such as forthcoming menus and holiday special discount. The Group should also manage to organize CSR events, including being a sponsor of the food service for public marathon race, sports games or Food Bank program, so as to stand out among the competitors. For example, the Group can build up long term relationship with the HK World Vision Organization to hold the annual event of "飢饉30" in order to show its efforts in social responsibility to the public.

To promote both long term and short term events, the promotion can be done in diverse media platforms. For example, it can start from posters on the street, at the bus stop and MTR stations, where people can notice. It should also promote at least one TV advertisement to reach the largest amount of population. The website and Facebook should be fully used for not only promotion but also interaction with clients. For example, encourage clients to vote for the most welcome receipts for the coming seasons on the Facebook; and provide platforms for clients to recommend receipts in Cafe De Coral. In the restaurants, Cafe De Coral should display promotion on the posters, at the back of chairs and on the menus, to get clients' attention.

## **Limitation in Dividends Payout**

To determine by what extent that the dividends should be reduced, the Group should consider the practice of other businesses with the similar market position. The highest dividend payout ratio is 0.56 for Fairwood while the median is 0.44. (Fairwood Holdings Ltd (OTCPK:FRWDF), 2013) Tsui Wah started to pay dividends only from 2013 while the ratio is 0.4355. (TSUI WAH HLDG (01314.HK) Financial Ratios, 2014) It would be safe if Café de Coral Group decreases its dividend rate to 62% in 2014 and 55% to 2015. It is important to explain to the public that the decrease of dividends does not mean weak performance but is for long time reinvestment

purpose. Even with a lower dividend payout ratio, the shareholders could expect a higher return from better performance in the future.

### **Expansion in PRC Market**

2014 is the preparing period for further expansion to Northern areas in PRC, including performing marketing research, selecting locations, adjusting menu, making marketing plans and entry promotion. In 2015, much more branches will be opened. The market of first-tier cities should be occupied by the year end, like Shanghai, Beijing and Tianjin. Moreover, a number of branches should also be opened in important second-tier cities to prepare for the expansion in 2016, like Hangzhou, Chongqing, Xi'an, Shenyang and Wuhan. These cities have covered most area of South China and East China, providing a broad base for the continuous development.

To differentiate from other competitors in PRC, the Group will focus on three points: safe and healthy food, authentic ed Hong Kong taste and great reputation as a listed company. For the first point, since mainland clients are concerned about the food quality, the Group has to emphasize that the food in Café De Coral has gone through a strict and systematic processing procedure just as those provided Café De Coral in Hong Kong. The clients will be willing to pay a higher price for food with safety guarantee. Concerned with Hong Kong taste, the Group may insist on specific Hong Kong receipts, such as Barbecued pork with rice (Cha Siu Fan), Hong Kong milk tea and various desserts. To cater to the mainland clients' preference for dining and chatting with friends in restaurants, the Group may focus on the fashionable decorations, warm atmosphere and high-quality customer service to satisfy their expectation for a restaurant from Hong Kong. To further its good reputation, the Group can cooperate with local companies to provide lunches, hold company gathering and organize birthday parties.

As a new fast food restaurant in PRC, promotion is quite essential. Making full use of social media can not only get expected results but also reduce cost. The promotion should combine the Weibo, online news and group-on like Dianping.com to inform the public of essential information, interact with clients and attract them to try.



## PRO-FORMA CONSOLIDATED INCOME STATEMENT

	2013 HK\$'000	Change	2014 HK\$'000	Change	2015 HK\$'000	Change	2016 HK\$'000	
Revenue	6,394,089	9.52%	7,002,975	30%	9,103,868	50%	13,655,802	Note 1
Cost of sales	-5,483,663		-6,046,308		-7,860,201		-11,790,301	
<b>Gross profit</b>	910,426	13.66%	956,667	13.66%	1,243,667	13.66%	1,865,501	Note 2
Other gains, net	61,319		118,403		118,403		118,403	Note 3
Administrative expenses	-326,252	170,000	-496,252		-496,252	3,000	-499,252	Note 4
<b>Operating profit</b>	645,493		578,818		865,818		1,484,652	
Finance income	10,966	22.58%	13,443	22.58%	16,479	22.58%	20,200	Note 5
Share of (loss)/profit of associates	-4,243							Note 6
Share of (loss)/profit of jointly controlled entities	-5,987							
<b>Profit before income tax</b>	646,229		592,261		882,297		1,504,852	
Income tax expenses	-100,282	15.71%	-93,033	18.00%	-158,813	21.00%	-316,019	Note 7
<b>Profit for the year</b>	545,947		499,228		723,483		1,188,833	
Allocated as:								
Profit/(loss) attributable to non-controlling interests	1,000		1,000		1,000		1,000	Note 8
<b>Profit attributable to equity holders of the Company</b>	544,947		498,228		722,483		1,187,833	
Dividends	517,204	62%	309,521	55%	397,916	55%	653,308	Note 9
Basic earnings per share (HK cents)	95.26	65	86.29	65	123.66	65	200.96	Note 10
Diluted earnings per share (HK cents)	94.63	63	85.75	63	122.94	63	202.01	

Note 1: Increasing Rate of 2014 is estimated by averaging the rate of 2013 and 2012.

Increasing Rate of 2015 and 2016 is estimated by the estimation of *Expansion in PRC Market* strategy.

Note 2: Operating budget is estimated based on the average operating profit margin of 2011, 2012 and 2013.

Note 3: Value of 2014, 2015 and 2016 is estimated by eliminating the profits and losses related to associates

and jointly controlled entity appeared in 2013 as they are all disposed.

The other factors such as gains on disposals are maintained because not enough information can be found to estimate accurately.

Note 4: Expense increased in 2014 = \$10,000,000 advertisement in *PRC* + \$5,000,000 in Hong Kong for *Brand Recognition*

+ \$1,000,000 for Technology Enhancement + \$1,000,000 in *Adjustment of Group's Structure*

Expense maintained in 2014 = \$2,000,000 in Hong Kong for Brand Recognition - \$1,000,000 for Technology Enhancement

- \$1,000,000 in Adjustment of Group's Structure

Expense increased in 2015 = \$3,000,000 advertisement in *PRC*

Note 5: Increasing Rate of 2014, 2015 and 2016 is estimated by averaging the increasing rate of 2012 and 2013.

Note 6: It is supposed that all associates and jointly controlled entities are disposed at the beginning of 2014.

Note 7: Tax rate increases as PRC market contributes more profits.

Note 8: NCI profit is assumed to be the same as 2013 as no other information can be used to estimate the change.

Note 9: Dividend Payout Ratio is changed according to the discussion in the implementation plan.

Note 10: The increase shares of capital is estimated by averaging the increasing amount of 2012 and 2013.

## REVIEW OF THE GROUP'S MANAGEMENT TRADITION

The Group achieved the continuous success with its multiple strategies under the sustainable business model. It guides the company in taking relatively conservative and persistent

OUR BOARD REMAINS COMMITTED TO A  
SUSTAINABLE BUSINESS MODEL FOR GROWTH.

-- [Chairman's message, Page 4, 2013 Annual Report]

movements. Understanding the business model is very important because the management tradition has to be taken into consideration when

generating new strategies. Some of its typical management traditions will be discussed briefly below.

Firstly, as mentioned in the Financial Analysis section, the Group adopts a conservative way to run its business, with no debt for years.

Secondly, fast food is the Group's dominating source of income. However, the Group is generating more and more revenues from non-fast food line in recent years. The ratio of revenue from fast food to that from non-fast food decreases from 7.7 to 3.6 from 2007 to 2012. In addition, the Group values multi brandings and multi products to infiltrate the market. (Guosen Securities (HK), 2012)

Thirdly, to refresh its image for the customers regularly, the Group keeps investing a considerable amount of money to renovate its stores. In the past ten year, although the rate is floating, the renovating expense costs no less than 0.6% of its annual income. (Guosen Securities (HK), 2012)

Last but not the least, the Group always applies advanced information system management in practice to control the cost, improve the productivity, arrange better service for customers and facilitate its internal management. (Guosen Securities (HK), 2012)

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## APPENDIX I: SURVEY QUESTIONNAIRE

請圈出您認為最合適的答案

1. 以下哪些品牌与大家樂集團有限公司相关 (可多選)?

1. 大家樂快餐店 2. Olivers Super Sandwiches(利華超級三文治) 3. 85°C

4. 一粥面 5. 米線陣 6. Expressamente illy 7. MIX

8. 意粉屋 9. Spaghetti 360 10. 泛亞飲食 11. 活力午餐

2. 平均一周食快餐的次數:

1. 0-3 2. 4-6 3. 7-10 4. >10

3. 您最經常光顧的快餐店類型:

1. 中式 2. 西式 3. 其他

4. 平均每週光顧以下餐廳的次數:

大家樂 \_\_\_\_ 大快活 \_\_\_\_ 美心 \_\_\_\_ 吉野家 \_\_\_\_

5. 請選出影響您選擇餐廳的 3 個最重要因素 (1 為最重要, 3 為最不重要)

食物質素 \_\_\_\_

食物種類 \_\_\_\_

餐單設計 \_\_\_\_

衛生程度 \_\_\_\_

餐廳位置 \_\_\_\_

餐廳舒適度 \_\_\_\_

服務質素 \_\_\_\_

價格 \_\_\_\_

其他 \_\_\_\_

6. 您對以下餐廳各方面表現的滿意程度

(5 非常滿意 4 滿意 3 中立 2 不滿意 1 非常不滿意)

	大家樂	大快活	美心	吉野家
1.食物質素				
2.食物種類				
3.餐單設計				
4.衛生程度				
5.餐廳位置				
6.餐廳舒適度				
7.服務質素				
8.價格				

7. 以下快餐品牌在您心目中的排名（1 為最佳，4 為最差）

- 1. 大家樂 \_\_\_\_\_
- 2. 大快活 \_\_\_\_\_
- 3. 美心 \_\_\_\_\_
- 4. 吉野家 \_\_\_\_\_

8. 您是大家樂【Club 100】會員嗎？

1. 是 2. 不是

9. 您光顧大家樂快餐店不同時段的次數（1 為最多，5 為最少）

1. 早市\_\_\_\_ 2. 午市\_\_\_\_ 3. 茶市\_\_\_\_ 4. 晚市\_\_\_\_ 5. 外賣\_\_\_\_

10. 您如何看待大家樂的以下活動？

	1. 使我更多光顧大家樂	2. 讓我更信賴大家樂	3. 支持，對社會有貢獻	4. 對我個人意義不大	5. 不了解
【綠色星期一】素食午餐					
【歡迎導盲犬】計劃					
招聘殘疾僱員					
捐款與籌款					
餐廳內設置優先座					
餐廳內播放公益影片					

11. 您的性別

1. 男 2. 女

12. 你的年齡

1. <= 18 2. 19-24 3. 25-34 4. 35-44 5. 45-54 6. 55-64 7. > = 65

13. 您的職業：

- 1. 學生
- 2. 公司職員
- 3. 公司持有者
- 4. 自由工作者
- 5. 退休人員
- 6. 無工作

14. 平均月收入 (HKD)

1. <5,000 2. 5,000-10,000 3. 10,001-15,000 4. 15,001-20,000  
5. 20,001-25,000 6. 25,001-30,000 7. >30,000

15. 您對於大家樂快餐店有何建議？

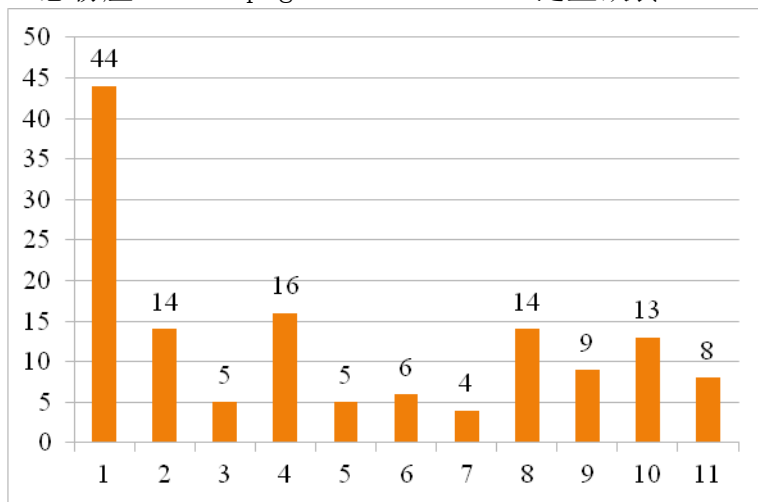
## APPENDIX II: SURVEY RESULT (PART)

1. 以下哪些品牌与大家樂集團有限公司相关 (可多選)?

1. 大家樂快餐店 2. Olivers Super Sandwiches(利華超級三文治) 3. 85°C

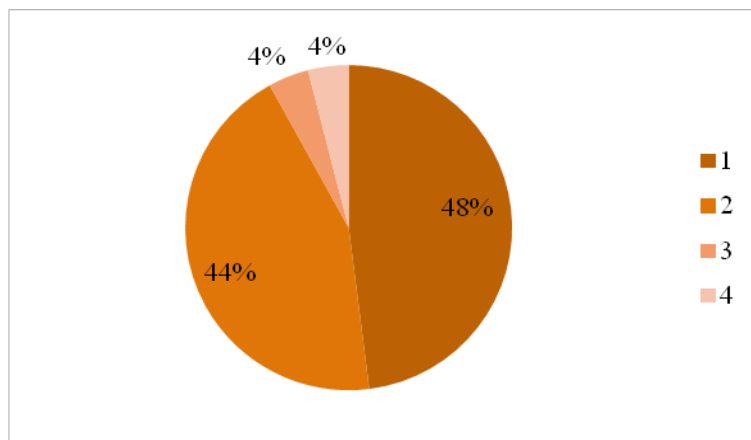
4. 一粥面 5. 米線陣 6. Expressamente illy 7. MIX

8. 意粉屋 9. Spaghetti 360 10. 泛亞飲食 11. 活力午餐



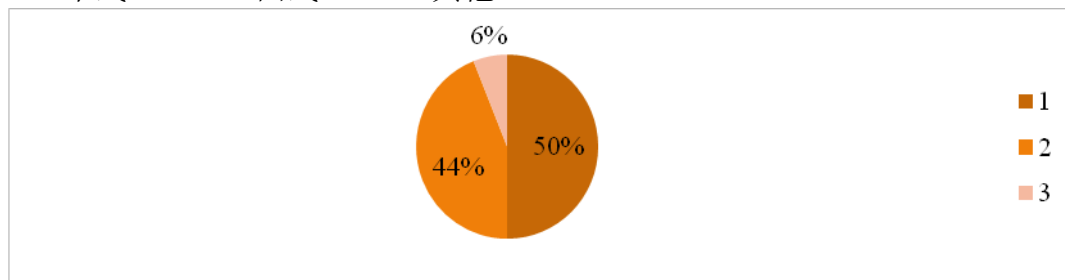
2. 平均一周食快餐的次數:

1. 0-3 2. 4-6 3. 7-10 4. >10



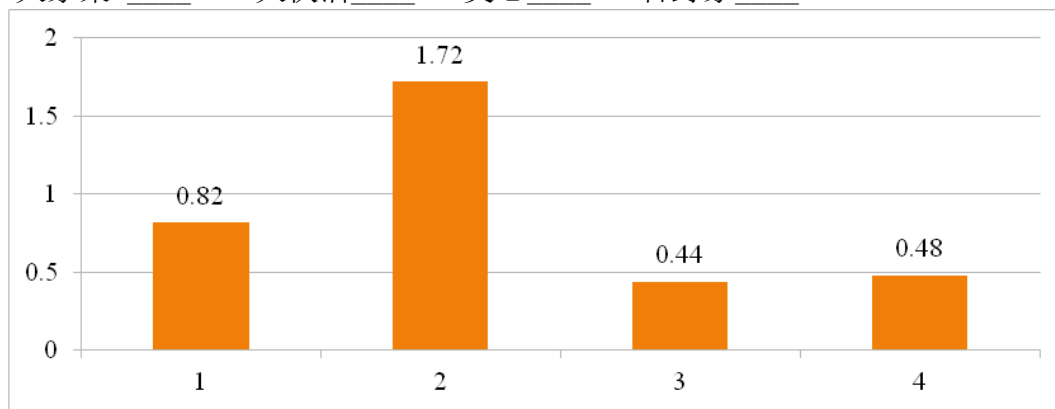
3. 您最經常光顧的快餐店類型：

1. 中式      2. 西式      3. 其他



4. 平均每週光顧以下餐廳的次數：

大家樂 \_\_\_\_\_ 大快活 \_\_\_\_\_ 美心 \_\_\_\_\_ 吉野家 \_\_\_\_\_



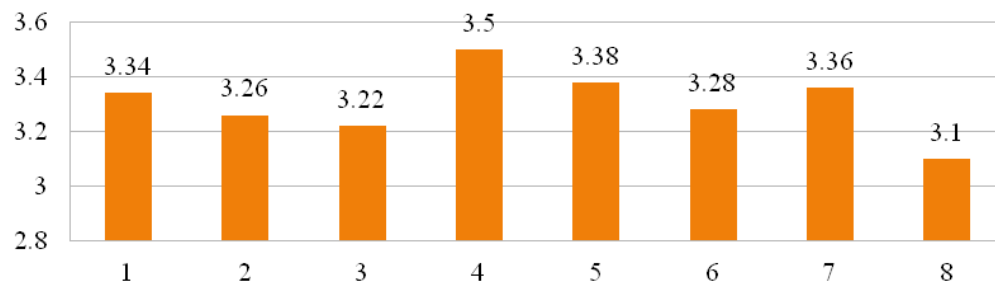
6. 您對以下餐廳各方面表現的滿意程度

(5 非常滿意 4 滿意 3 中立 2 不滿意 1 非常不滿意)

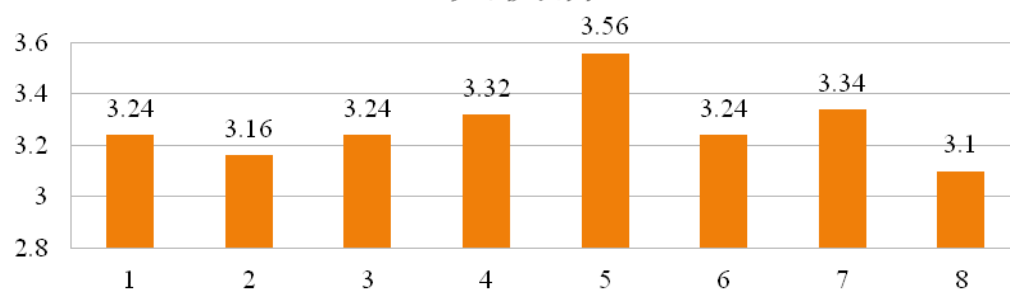
	大家樂	大快活	美心	吉野家
1.食物質素				
2.食物種類				
3.餐單設計				
4.衛生程度				
5.餐廳位置				
6.餐廳舒適度				
7.服務質素				
8.價格				



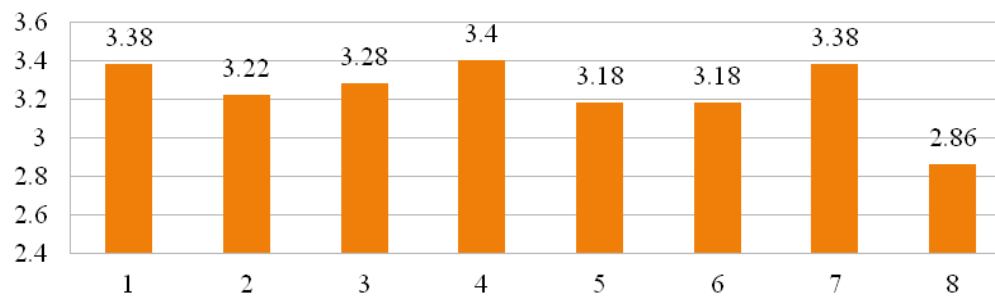
### 大家樂



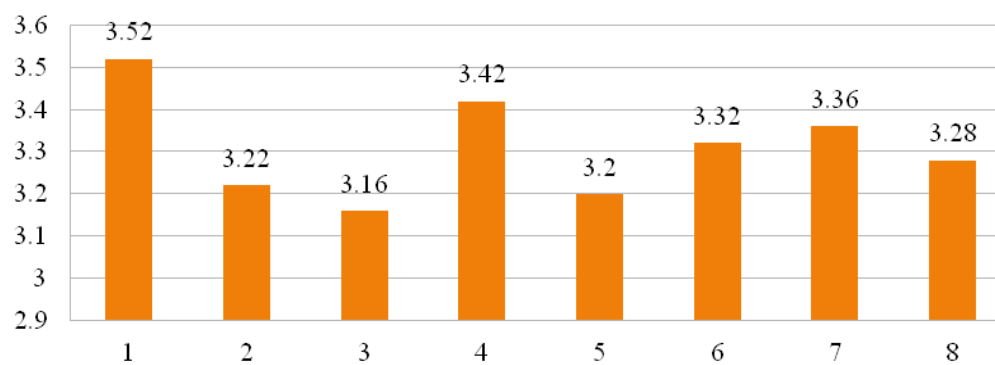
### 大快活



### 美心

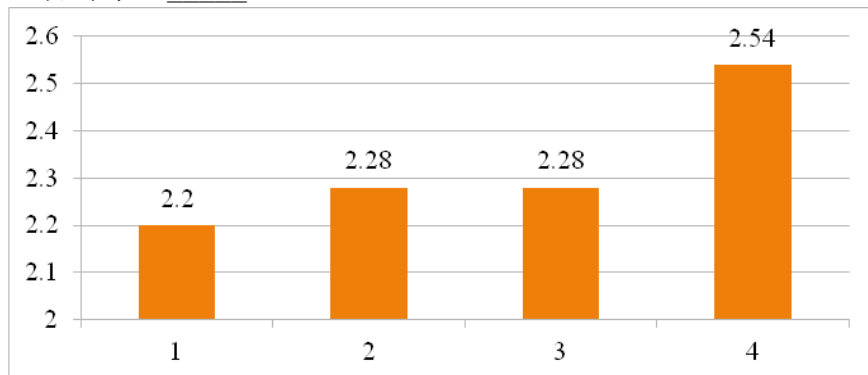


### 吉野家



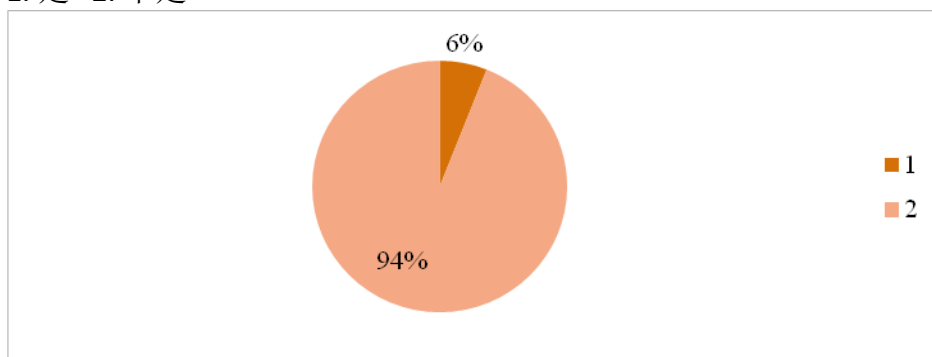
7. 以下快餐品牌在您心目中的排名（1 為最佳，4 為最差）

1. 大家樂 \_\_\_\_\_
2. 大快活 \_\_\_\_\_
3. 美心 \_\_\_\_\_
4. 吉野家 \_\_\_\_\_



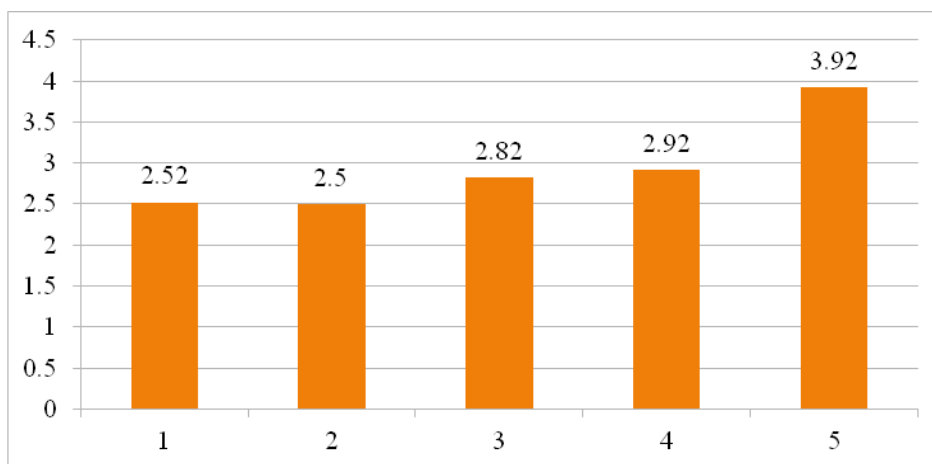
8. 您是大家樂【Club 100】會員嗎？

1. 是
2. 不是



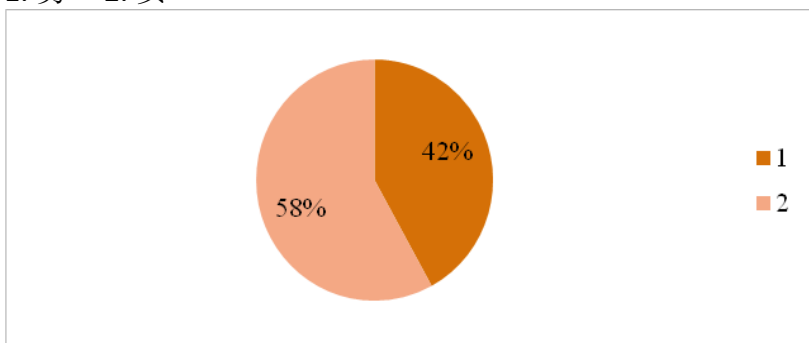
9. 您光顧大家樂快餐店不同時段的次數（1 為最多，5 為最少）

1. 早市 \_\_\_\_\_
2. 午市 \_\_\_\_\_
3. 茶市 \_\_\_\_\_
4. 晚市 \_\_\_\_\_
5. 外賣 \_\_\_\_\_



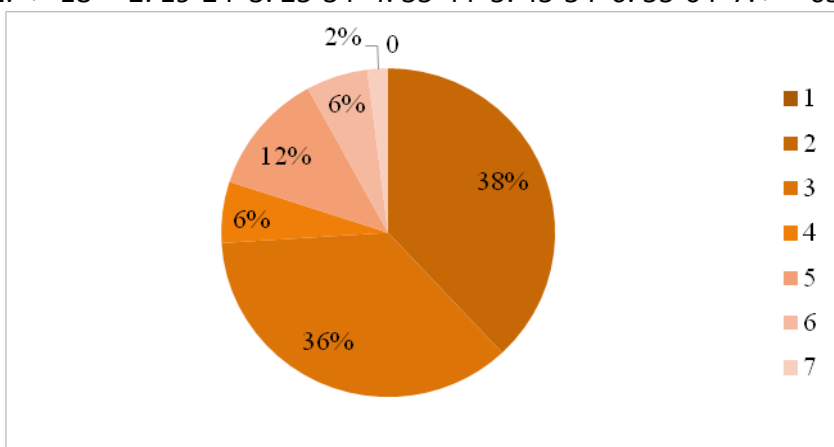
11. 您的性別

1. 男 2. 女



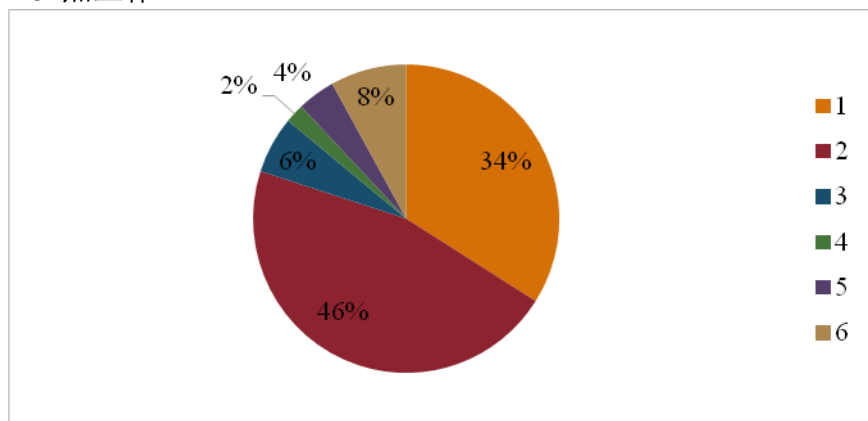
12. 你的年齡

1. <= 18 2. 19-24 3. 25-34 4. 35-44 5. 45-54 6. 55-64 7. >= 65



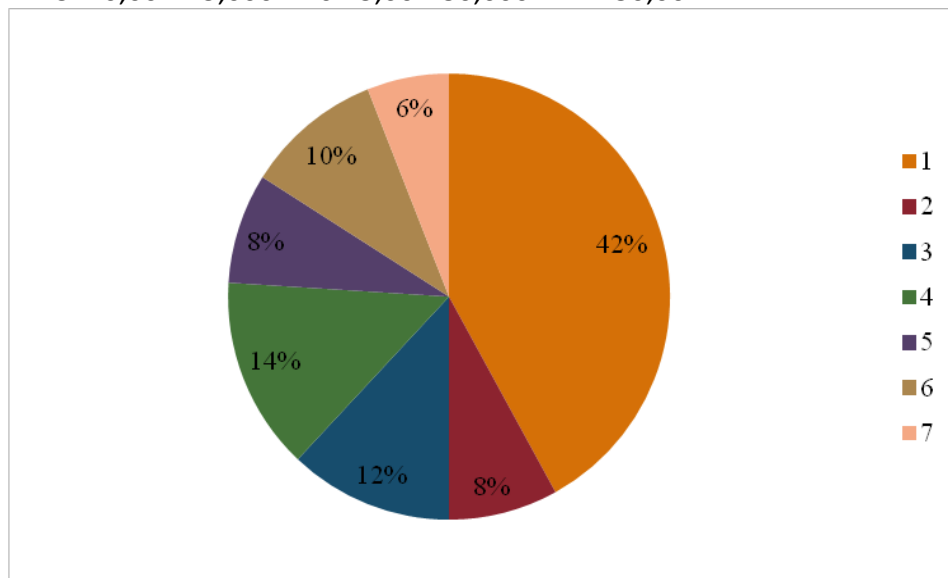
13. 您的職業：

1. 學生  
2. 公司職員  
3. 公司持有者  
4. 自由工作者  
5. 退休人員  
6. 無工作



14. 平均月收入 (HKD)

1. <5,000    2. 5,000-10,000    3. 10,001-15,000    4. 15,001-20,000  
5. 20,001-25,000    6. 25,001-30,000    7. >30,000



15. 您對於大家樂快餐店有何建議：

◆ 整體上滿意
◆ 減價
◆ 改善外賣包裝質素，有時混亂
◆ 推廣多謝適合老人家的食品，易食易咬
◆ 繼續推廣“飢饉三十”，食半捐半
◆ 減少味精
◆ 退出營養餐單，如三色飯
◆ 更多健康菜式
◆ 餐單沒變化，價格不合適
◆ 減價
◆ 價格與餐廳無分別
◆ 更多選擇
◆ 很好