



Notes to the Accounts

31st March 2001

22 Reserves

(a) Group

	Share premium HK\$	Exchange fluctuation reserve HK\$	Retained earnings HK\$	Total HK\$
At 1st April 1999	115,173,695	69,124	263,725,362	378,968,181
Premium on issue of shares upon the exercise of share options	243,999	–	–	243,999
Profit for the year	–	–	47,922,140	47,922,140
Dividends	–	–	(30,976,861)	(30,976,861)
At 31st March 2000	<u>115,417,694</u>	<u>69,124</u>	<u>280,670,641</u>	<u>396,157,459</u>
Company and subsidiaries	115,417,694	69,124	278,664,625	394,151,443
Associated companies	–	–	2,006,016	2,006,016
At 31st March 2000	<u>115,417,694</u>	<u>69,124</u>	<u>280,670,641</u>	<u>396,157,459</u>
At 1st April 2000	115,417,694	69,124	280,670,641	396,157,459
Premium on issue of shares upon the exercise of share options	3,721,000	–	–	3,721,000
Write back of goodwill upon distribution in specie of shares in a subsidiary	–	–	29,928,006	29,928,006
Profit for the year	–	–	34,135,845	34,135,845
Dividends:				
Interim cash dividends	–	–	(9,492,609)	(9,492,609)
Proposed final dividends	–	–	(12,512,144)	(12,512,144)
Special interim dividends in specie of shares in a subsidiary	–	–	(97,975,068)	(97,975,068)
Write back of unclaimed dividend	–	–	34,560	34,560
At 31st March 2001	<u>119,138,694</u>	<u>69,124</u>	<u>224,789,231</u>	<u>343,997,049</u>
Company and subsidiaries	119,138,694	69,124	220,608,183	339,816,001
Associated companies	–	–	4,181,048	4,181,048
At 31st March 2001	<u>119,138,694</u>	<u>69,124</u>	<u>224,789,231</u>	<u>343,997,049</u>



Notes to the Accounts

31st March 2001

22 Reserves (cont'd)

(b) Company

	Share premium HK\$	Retained earnings HK\$	Total HK\$
At 1st April 1999	115,173,695	286,128,618	401,302,313
Premium on issue of shares upon the exercise of share options	243,999	–	243,999
Profit for the year	–	72,711,364	72,711,364
Dividends	–	(30,976,861)	(30,976,861)
At 31st March 2000	115,417,694	327,863,121	443,280,815
At 1st April 2000	115,417,694	327,863,121	443,280,815
Premium on issue of shares upon the exercise of share options	3,721,000	–	3,721,000
Profit for the year	–	15,204,166	15,204,166
Interim cash dividends	–	(9,492,609)	(9,492,609)
Proposed final dividend	–	(12,512,144)	(12,512,144)
Special interim dividends in specie of shares in a subsidiary	–	(81,904,434)	(81,904,434)
Write back of unclaimed dividend	–	34,560	34,560
At 31st March 2001	119,138,694	239,192,660	358,331,354

23 Bank loan

The bank loan is analysed as follows:

	Group and Company	
	2001 HK\$	2000 HK\$
Payable within one year	–	6,000,000
In the second year	–	6,000,000
In the third to fifth year	–	18,500,000
	–	30,500,000
Less: current portion	–	(6,000,000)
Non-current portion	–	24,500,000



Notes to the Accounts

31st March 2001

24 Deferred taxation

	Group	
	2001 HK\$	2000 HK\$
At 1st April	540,294	2,359,890
Transfer to profit and loss account (note 6)	(47,503)	(1,819,596)
At 31st March	<u>492,791</u>	<u>540,294</u>

Deferred taxation represents the tax effect of timing differences arising from depreciation allowances on fixed assets and has been fully provided for.

25 Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2001 HK\$	2000 HK\$
Operating profit	41,289,759	58,864,909
Interest income	(8,844,867)	(7,953,559)
Write off of pre-operating expenses	–	1,316,876
Cash inflow from sales of cake coupons	86,831,061	87,821,987
Cake coupons redeemed as sales	(80,329,705)	(78,186,266)
Depreciation	49,572,310	53,821,853
Loss on disposal of fixed assets	4,429,804	459,444
Provision for diminution in value of other properties	850,000	2,000,000
Deficit on revaluation of investment properties	570,000	3,000,000
Increase in inventories	(3,683,589)	(991,283)
Increase in amount due from an associated company	(1,443,405)	(5,066,664)
(Increase)/decrease in trade receivables, deposits, prepayments and other receivables	(2,035,536)	7,022,178
Increase/(decrease) in trade payables, other payables and accrued charges	4,120,699	(8,641,971)
Net cash inflow from operating activities	<u>91,326,531</u>	<u>113,467,504</u>



Notes to the Accounts

31st March 2001

25 Notes to the consolidated cash flow statement (cont'd)

(b) Analysis of changes in financing during the year

	Share capital including premium HK\$	Bank loan HK\$	Bank deposits pledged HK\$	Minority interests HK\$
At 1st April 2000	146,088,055	30,500,000	(3,753,052)	5,970,745
Cash items:-				
Issue of shares upon the exercise of options	4,331,000	-	-	-
Loans repaid	-	(30,500,000)	-	-
Net payments made to minority shareholders	-	-	-	(8,126,335)
Release of bank deposits pledged	-	-	69,934	-
	<u>4,331,000</u>	<u>(30,500,000)</u>	<u>69,934</u>	<u>(8,126,335)</u>
Non-cash items:-				
Minority interests in share of profits	-	-	-	1,294,752
Special interim dividends in specie of shares in a subsidiary	-	-	-	68,047,062
	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,341,814</u>
At 31st March 2001	<u>150,419,055</u>	<u>-</u>	<u>(3,683,118)</u>	<u>67,186,224</u>



Notes to the Accounts

31st March 2001

25 Notes to the consolidated cash flow statement *(cont'd)*

(b) Analysis of changes in financing during the year *(cont'd)*

The comparative figures for 2000 are set out as follows:

	Share capital including premium HK\$	Bank loan HK\$	Bank deposits pledged HK\$	Minority interests HK\$
At 1st April 1999	145,804,056	36,500,000	(3,598,000)	5,916,568
Cash items:				
Issue of shares upon the exercise of options	283,999	–	–	–
Loans repaid	–	(6,000,000)	–	(1,100,000)
Dividend paid to minority shareholders	–	–	–	(550,000)
Bank deposits pledged	–	–	(155,052)	–
	<u>283,999</u>	<u>(6,000,000)</u>	<u>(155,052)</u>	<u>(1,650,000)</u>
Non-cash items:				
Minority interests in share of profits	–	–	–	1,704,177
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,704,177</u>
At 31st March 2000	<u>146,088,055</u>	<u>30,500,000</u>	<u>(3,753,052)</u>	<u>5,970,745</u>



Notes to the Accounts

31st March 2001

26 Commitments

(a) Capital commitments for property, plant and equipment

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Contracted but not provided for	412,684	1,052,055	–	–
Approved but not contracted for	19,200,000	9,400,000	3,200,000	3,500,000
	19,612,684	10,452,055	3,200,000	3,500,000

(b) Commitments under operating leases

At 31st March 2001, the Group and the Company had minimum commitments to make payments in the next twelve months under operating leases in respect of land and buildings which expire as follows:

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Within one year	32,092,480	11,024,518	16,720,801	3,442,142
In the second to fifth year inclusive	55,816,963	100,794,074	29,593,503	65,911,461
After the fifth year	3,473,365	903,439	–	–
	91,382,808	112,722,031	46,314,304	69,353,603

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and a rent determined based on a percentage of the sales of the related outlets.

27 Related party transactions

Pursuant to the management agreements entered into between the Company and its associated company, Arges Limited, the Company is engaged to provide management and administration service to the latter at a fee which is determined either at a fixed monthly sum or by an agreed percentage on the turnover and gross margin of each restaurant managed. During the year, management fee received by the Company amounted to HK\$1,304,510 (2000: HK\$1,404,644).



Notes to the Accounts

31st March 2001

28 Banking facilities and pledged assets

As at 31st March 2001, the Group had aggregate banking facilities of approximately HK\$20,890,000 (2000: HK\$51,394,000) for loans, overdrafts and bank guarantees. These facilities were secured by:-

- (i) Mortgage of certain land and buildings of the Group;
- (ii) Pledge of certain bank deposits of the Group; and
- (iii) Cross corporate guarantees given by the Company and its subsidiaries.

As at 31st March 2001, the facilities were utilised by the Group to the extent of HK\$12,601,335 (2000: HK\$43,663,521) including bank guarantees granted to third parties in lieu of rental and utility deposits.

29 Subsidiaries and associated companies

The following is a list of the principal subsidiaries and associated companies as at 31st March 2001.

Name of subsidiaries/ associated companies	Place of incorporation and operation	Particular of issued share capital	Effective percentage holding attributable to the Group	Principal activities
Principal subsidiaries				
Shares held directly:				
Banqueting Caterers Limited	Hong Kong	Ordinary HK\$80 Non-voting deferred HK\$10,000,020	100	Restaurant operator
High Value Limited	Hong Kong	Ordinary HK\$2	100	Investment holding
Sparklet Investment Limited	Hong Kong	Ordinary HK\$2	100	Restaurant operator
Tin Fook Caterers Limited	Hong Kong	Ordinary HK\$10,000 Non-voting deferred HK\$12,010,000	100	Restaurant operator



Notes to the Accounts

31st March 2001

29 Subsidiaries and associated companies (cont'd)

Name of subsidiaries/ associated companies	Place of incorporation and operation	Particular of issued share capital	Effective percentage holding attributable to the Group	Principal activities
Principal subsidiaries (cont'd)				
Shares held indirectly:				
Bread Boutique Limited	Hong Kong	Ordinary HK\$3,000,000	60.15	Bakery operator
Criscane Limited	Hong Kong	Ordinary HK\$20	100	Property holding
Elegant Grand Limited	Hong Kong	Ordinary HK\$100	80	Restaurant operator
Kingdom Wise Limited	Hong Kong	Ordinary HK\$2	60.15	Property holding
Saint Honore Cake Shop Limited	Hong Kong	Ordinary HK\$50 Non-voting deferred HK\$3,450,050	60.15	Bakery operator
Saint Honore Holdings Limited	Bermuda	Ordinary HK\$19,622,900	60.15	Investment holding
Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited	Hong Kong	Ordinary HK\$10,000	45	Restaurant operator
Sincere United Limited	Hong Kong	Ordinary HK\$2	100	Property holding
Uni-Leptics Limited	Hong Kong	Ordinary HK\$2	60.15	Property holding
Winwell (Hong Kong) Limited	Hong Kong	Ordinary HK\$2	100	Property holding
* Saint Anna Cake Shop (Macau) Limited	Macau	Ordinary MOP100,000	60.15	Bakery operator



Notes to the Accounts

31st March 2001

29 Subsidiaries and associated companies *(cont'd)*

Name of subsidiaries/ associated companies	Place of incorporation and operation	Particular of issued share capital	Effective percentage holding attributable to the Group	Principal activities
Principal subsidiaries <i>(cont'd)</i>				
Shares held indirectly:- <i>(cont'd)</i>				
* Saint Honore Cake Shop (Shenzhen) Limited **	People's Republic of China	HK\$16,000,000	60.15	Manufacturing of bakery products
Zillion Will Limited	Hong Kong	Ordinary HK\$2	60.15	Eatery operator
Principal associated companies:-				
* Arges Limited	Hong Kong	Ordinary HK\$4	50	Restaurant operator
* Wellcon Limited	Hong Kong	Ordinary HK\$10,000	21	Investment holding and management consulting

The above list includes the subsidiaries and associated companies of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries and associated companies would, in the opinion of the directors, result in particulars of excessive length.

* Companies not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 5.2 % of the Group's total assets.

** The subsidiary is established as a wholly foreign-owned enterprise in the People's Republic of China.

30 Comparative figures

In the consolidated profit and loss account, direct packing materials expense of the bakery business has been reclassified from other operating expenses to cost of inventories consumed in order to more appropriately present the Group's operation. The amount reclassified for the year totalled HK\$26,939,086 (2000:HK\$26,584,487).

31 Approval of accounts

The accounts were approved by the board of directors on 12th July 2001.