



# NOTES TO THE ACCOUNTS

31ST MARCH 2002

## 1 BASIS OF PREPARATION

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). The accounts are prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain investment properties are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are, unless otherwise stated, effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for accounting periods commencing on or after 1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions , contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets

The effect of adopting these new and revised standards is set out in the accounting policies below:

## 2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

### (a) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or negative goodwill or goodwill /negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.



## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### (a) Consolidation *(cont'd)*

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less accumulated impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### (b) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.

In the Company's balance sheet, the investments in associated companies are stated at cost less accumulated impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

### (c) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

### (d) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods of greater than 20 years are valued annually by independent professional valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.



## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### (d) Investment properties *(cont'd)*

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

### (e) Fixed assets

#### (i) Other properties

Other properties are interest in land and buildings other than investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

Depreciation is calculated to write off their costs less accumulated impairment losses on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The expected useful life used for this purpose is 50 years.

#### (ii) Kitchen utensils, uniforms and other operating equipment

Initial purchase costs of utensils, china, glasses, plates, uniforms and linen incurred for the opening of new restaurants and bakery outlets are capitalised and not depreciated. Costs of subsequent replacement for these assets are charged to the profit and loss account in the year in which such expenditure is incurred.

#### (iii) Leasehold improvements

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

Depreciation is calculated to write off their cost less accumulated impairment losses on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group. The annual rate used for this purpose is 15%.



## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### (e) Fixed assets *(cont'd)*

#### (iv) Other tangible fixed assets

Other tangible fixed assets, comprising air conditioning plant, furniture, fixtures and equipment, and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off their costs less accumulated impairment losses on a straight-line basis over their expected useful lives to the Group. The annual rates used for this purpose are 10% to 25%.

#### (v) Restoring costs

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

#### (vi) Impairment

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in other properties and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

#### (vii) Gain or loss on disposal of fixed assets

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

### (f) Assets under operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.



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## 2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

### (g) Intangible assets

#### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associated company at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1st April 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than 20 years.

Goodwill on acquisitions that occurred prior to 1st April 2001 was written off against reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated. However any impairment arising on such goodwill is accounted for in accordance with the policy set out below.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1st April 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

#### (ii) Trademark

On the adoption of SSAP 29, expenditure on acquired trademarks is capitalised at cost and amortised using the straight-line method over their useful lives of not more than 20 years.

Previously, trademarks are stated at cost less accumulated impairment losses. The change in accounting policy has been applied retrospectively and the 2001 comparatives presented have been restated to conform to the changed policy.

As detailed in note 22 and 24(b), the retained earnings and minority interests as at 1st April 2001 have been reduced by HK\$18,865,538 (1st April 2000: HK\$26,764,153) and HK\$12,498,615 (1st April 2000: nil) respectively which represents the attributable share of the amortisation charges not recognised in previous years by the shareholders and minority interests.

This change has resulted in a decrease in profit for the year by HK\$4,600,000 (2001: HK\$4,600,000) for amortisation charge of trademarks.

#### (iii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.



## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### (h) Other investments

Other investments held for long-term are stated at cost less accumulated impairment losses.

### (i) Inventories

Inventories comprise raw materials, packing materials, work-in-progress and finished goods, are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### (j) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

### (k) Cake coupons liabilities

Cake coupons are recorded as liabilities when sold. Coupons surrendered in exchange for products during the year are recognised as sales and transferred to the profit and loss account using the weighted average coupon sale value. The estimated value of the cake coupons which are expected to be redeemed in the next twelve months is classified as current liabilities at the end of the year.

### (l) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and cash investments with a maturity of three months or less from the date of investment.

### (m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Group recognises a provision for long service payments for existing employees which are payable upon termination of their employment in accordance with statutory requirements. The provision is calculated with reference to the statutory requirements, the employees' turnover statistics, the employees' remuneration and their age profile.



# NOTES TO THE ACCOUNTS

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## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### **(n) Deferred taxation**

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

### **(o) Revenue recognition**

Sales revenue from restaurant and fast food operations are recognised as revenue when services are rendered to customers.

Revenue from the sale of bakery products is recognised on the transfer of ownership, which generally coincides with the time of delivery.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Rental income and management fee income are recognised on an accrual basis.

### **(p) Retirement benefit costs**

The Group contributes to certain defined contribution retirement schemes which are available to the employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries but subject to a cap in accordance with the statutory requirement. The retirement benefit costs charged to the profit and loss account represent contributions payable by the Group to the schemes.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The assets of the schemes are held separately from those of the Group in independently administered funds.

### **(q) Borrowing costs**

All borrowing costs are charged to the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset.



## 2 PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

### (r) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated revenue represents rental income from investment properties and unallocated expenses represent deficit on revaluation of investment properties. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash and exclude items such as taxation recoverable and investment properties. Segment liabilities comprise operating liabilities and exclude items such as taxation payable and deferred taxation. Capital expenditure comprises additions to intangible assets (note 12) and fixed assets (note 13), including additions resulting from acquisitions through purchases of subsidiaries (notes 12, 13 and 24).

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

### (s) Dividends

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively and the comparatives presented have been restated to conform to the changed policy.

As detailed in note 22 and 24(b), this change has resulted in an increase in retained earnings and minority interests at 1st April 2001 by HK\$12,512,144 (1st April 2000: HK\$21,787,753) and HK\$6,341,835 (1st April 2000: nil) respectively, which is the reversal of the provision for 2001(2000) proposed final dividend in the Company and its subsidiaries previously recorded as a liability as at 31st March 2001 (31st March 2000) although not approved until after the balance sheet date.

### (t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.





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### 3 TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the operation of restaurants and bakeries and property investment. Turnover comprises takings and service charges less discounts and credit card commission from restaurant and bakery operations. Revenue recognised during the year are as follows:

	Group	
	2002	2001
	HK\$	HK\$
<b>Turnover</b>		
Restaurant operation	<b>567,756,406</b>	594,719,697
Bakery operation	<b>472,162,492</b>	444,876,406
	<b><u>1,039,918,898</u></b>	<u>1,039,596,103</u>
<b>Other revenues</b>		
Interest income	<b>3,785,910</b>	8,844,867
Rental income from investment properties	<b>1,865,614</b>	1,126,932
Management fee income	<b>1,268,525</b>	1,304,510
	<b><u>6,920,049</u></b>	<u>11,276,309</u>
<b>Total revenues</b>	<b><u>1,046,838,947</u></b>	<u>1,050,872,412</u>

For management purpose, the Group is currently organised into two operating divisions - restaurant and bakery. These divisions are the basis on which the Group reports its primary segment information.

- Restaurant operation - operating restaurants of different cuisine
- Bakery operation - manufacturing and selling of bakery products and operating eateries which represents Saint Honore Holdings Limited ("SHHL") and its subsidiaries ("SHHL Group")

Sales or other transactions between the business segments have been eliminated from the above.

No geographical analysis is provided as less than 10% of the Group's turnover and less than 10% of the consolidated results of the Group are attributable to the markets outside Hong Kong.



### 3 TURNOVER, REVENUE AND SEGMENT INFORMATION *(cont'd)*

	2002		
	Restaurant	Bakery	Group
	HK\$	HK\$	HK\$
Turnover	567,756,406	476,188,594	1,043,945,000
Inter-segment sales	—	(4,026,102)	(4,026,102)
Segment turnover	<u>567,756,406</u>	<u>472,162,492</u>	<u>1,039,918,898</u>
Segment results	<u>14,747,544</u>	<u>23,543,389</u>	38,290,933
Unallocated revenue			1,865,614
Unallocated expenses			(2,530,000)
Operating profit			37,626,547
Share of net losses of associated companies	(290,068)	—	(290,068)
Profit before taxation			37,336,479
Taxation			(7,867,748)
Profit after taxation			29,468,731
Minority interests			(9,648,630)
Profit attributable to shareholders			<u>19,820,101</u>
Segment assets	348,646,296	322,080,026	670,726,322
Investments in associated companies	6,316,257	—	6,316,257
Unallocated assets			24,445,002
Total assets			<u>701,487,581</u>
Segment liabilities	69,438,212	193,623,887	263,062,099
Unallocated liabilities			4,628,054
Total liabilities			<u>267,690,153</u>
Capital expenditure	9,477,741	27,299,949	36,777,690
Depreciation	26,016,017	25,643,550	51,659,567
Amortisation charge	25,816	4,600,000	4,625,816



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## 3 TURNOVER, REVENUE AND SEGMENT INFORMATION (cont'd)

		<b>Restated 2001</b>	
	<b>Restaurant HK\$</b>	<b>Bakery HK\$</b>	<b>Group HK\$</b>
Turnover	594,719,697	448,546,889	1,043,266,586
Inter-segment sales	—	(3,670,483)	(3,670,483)
Segment turnover	<u>594,719,697</u>	<u>444,876,406</u>	<u>1,039,596,103</u>
Segment results	<u>13,659,448</u>	<u>22,473,379</u>	36,132,827
Unallocated revenue			1,126,932
Unallocated expenses			(570,000)
Operating profit			36,689,759
Finance costs			(1,252,048)
Share of net profits of associated companies	2,472,212	—	<u>2,472,212</u>
Profit before taxation			37,909,923
Taxation			(7,079,326)
Profit after taxation			30,830,597
Minority interests			(530,960)
Profit attributable to shareholders			<u>30,299,637</u>
Segment assets	339,515,961	309,642,890	649,158,851
Investments in associated companies	12,877,599	—	12,877,599
Unallocated assets			27,125,003
Total assets			<u>689,161,453</u>
Segment liabilities	72,370,860	185,815,236	258,186,096
Unallocated liabilities			1,021,897
Total liabilities			<u>259,207,993</u>
Capital expenditure	7,227,513	34,254,095	41,481,608
Depreciation	27,281,122	22,291,188	49,572,310
Amortisation charge	—	4,600,000	4,600,000



#### 4 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Group	
	2002	2001
	HK\$	HK\$
Auditors' remuneration	1,565,281	1,290,667
Listing expenses in respect of the spin off of a subsidiary	—	5,877,852
(Reversal of)/provision for long service payments included in staff costs	(272,161)	210,000
Retirement benefit costs included in staff costs (note 10)	14,819,609	9,786,590
Loss on shop closures for early termination of leases		
Write off of fixed assets	—	3,600,960
Compensation for early termination of leases	—	2,372,248
Loss on disposal of fixed assets	2,245,175	828,844
Net exchange losses	294,039	275,648
Deficit on revaluation of investment properties	2,530,000	570,000
Impairment of other properties	—	850,000
	<u>                    </u>	<u>                    </u>

#### 5 FINANCE COSTS

	Group	
	2002	2001
	HK\$	HK\$
Interest on bank loans		
Wholly repayable within five years	—	1,252,048
	<u>                    </u>	<u>                    </u>



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### 6 TAXATION

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2002	2001
	HK\$	HK\$
Hong Kong profits tax	<b>6,123,188</b>	6,484,346
Overseas taxation	<b>684,406</b>	777,364
Overprovision in prior years	<b>(233,801)</b>	(432,061)
Deferred taxation (note 23)	<b>1,072,681</b>	(47,503)
	<hr/>	<hr/>
	<b>7,646,474</b>	6,782,146
Share of taxation attributable to associated companies	<b>221,274</b>	297,180
	<hr/>	<hr/>
	<b>7,867,748</b>	7,079,326
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 16 % (2001: 16 %) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

### 7 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$15,880,456 (2001 restated: HK\$7,222,261).



## 8 DIVIDENDS

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Underprovision in prior year	—	108,500	—	108,500
Write back of unclaimed dividends for 1991-94	—	(34,560)	—	(34,560)
Special interim dividend in specie of shares in a subsidiary (note (c))	—	86,240,245	—	81,904,434
Interim, paid, of HK1.5 cents (2001: HK3 cents) per ordinary share	<b>4,692,054</b>	9,384,109	<b>4,692,054</b>	9,384,109
Final, proposed, of HK3.5 cents (2001: HK4 cents) per ordinary share	<b>10,948,126</b>	12,512,144	<b>10,948,126</b>	12,512,144
	<b>15,640,180</b>	108,210,438	<b>15,640,180</b>	103,874,627

- (a) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31st March 2000 and 2001 were HK\$21,787,753 and HK\$12,512,144 respectively. Under the Group's new accounting policy as described in note 2(s), these have been written back as a dividend reserve as at 1st April 2000 and 2001 in note 22 and are now charged in the period in which they were proposed.
- (b) At a meeting held on 11th July 2002 the directors declared a final dividend of HK3.5 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2003, and is presented as a dividend reserve in the balance sheet.
- (c) The special interim dividend in specie at the Group level in 2001 represents 39.85% of the net assets of the SHHL Group on 25th October 2000, the date when the special interim dividend was proposed by the board of the directors (the "date of demerger") and a pro-rated portion of the goodwill previously written off against retained earnings. Under the Group's new accounting policy as described in note 2(g)(ii) and 2(s), the net book value of the SHHL Group on the date of demerger was restated and therefore the amount of special interim dividend was restated accordingly.



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## 9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2002 HK\$	Restated 2001 HK\$
<b>Earnings</b>		
Earnings for the purpose of the calculation of basic earnings per share	<b>19,820,101</b>	30,299,637
Adjustment to the share of results of a subsidiary based on the dilution of the subsidiary's earnings per share	<b>(236,157)</b>	(42,409)
Earnings for the purpose of the calculation of diluted earnings per share	<b>19,583,944</b>	30,257,228
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	<b>312,803,609</b>	311,678,677
Effect of dilutive potential ordinary shares	<b>3,966,755</b>	—
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<b>316,770,364</b>	311,678,677

## 10 RETIREMENT BENEFIT COSTS

The Group operates mandatory provident fund schemes ("MPF Schemes") established under Mandatory Provident Fund Ordinance for the eligible employees. The Group's contributions to MPF Schemes are set at 5% of employees' relevant income up to a maximum of HK\$1,000 per employee per month except for some managerial staff whose monthly contributions are not capped at that absolute amount. The mandatory contributions to MPF Schemes are fully and immediately vested on the employees as accrued benefits once they are paid.

Since 1st December 2000, the Group has discontinued all contributions to the schemes established under Occupational Retirement Scheme Ordinance ("ORSO Schemes") when it joined the MPF Schemes. For those group companies who have opted not to transfer the accrued benefits of the employees in the ORSO Schemes as voluntary contributions to MPF Schemes, such benefits are retained and their investment returns are accumulated. Employees can withdraw their accrued benefits upon termination of their employments.

Both funds are established under trust with the assets of the funds held separately from those of the Group by independent trustees.

Aggregate amount of unvested benefits accrued to the Group during the year amounted to HK\$290,067 (2001: HK\$524,503). The aggregate amount of unvested benefits used to reduce employer's contribution was HK\$465,562 (2001: HK\$543,294). As at 31st March 2002, the aggregate amount of unvested benefits not yet utilised was HK\$5,393 (2001: HK\$180,888).



## 11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' remuneration

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Fees	<b>390,000</b>	390,000
Other emoluments:		
Basic salaries and benefits in kind	<b>7,787,981</b>	7,786,190
Performance related bonuses	<b>1,442,940</b>	1,519,348
Pension contributions	<b>201,120</b>	149,082
	<b>9,822,041</b>	9,844,620

For both years, all of the above were paid to executive directors except for directors' fees amounting to HK\$120,000 (2001: HK\$120,000) which were paid to four (2001: four) non-executive directors.

The emoluments of the directors fell within the following bands:

Emoluments bands	<b>Number of directors</b>	
	<b>2002</b>	2001
Nil - HK\$1,000,000	<b>9</b>	9
HK\$1,500,001 - HK\$2,000,000	<b>1</b>	1
HK\$4,000,001 - HK\$4,500,000	<b>1</b>	—
HK\$4,500,001 - HK\$5,000,000	<b>—</b>	1
	<b>11</b>	11

No directors have waived emoluments in respect of the two years ended 31st March 2001 and 2002. Details of options granted and exercised by the directors during the year were set out in the directors' report on page 17.





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## 11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (cont'd)

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2001: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining (2001: one) individual during the year are as follows:

	2002 HK\$	2001 HK\$
Basic salaries and benefits in kind	1,469,360	1,464,000
Performance related bonuses	—	80,000
Pension contributions	70,200	69,225
	<b>1,539,560</b>	<b>1,613,225</b>

## 12 INTANGIBLE ASSETS

	Goodwill HK\$	Group Trademarks HK\$	Total HK\$
At 1st April 2001, as previously reported	—	77,364,153	77,364,153
Effect of adopting SSAP 29 (note 2(g)(ii))	—	(31,364,153)	(31,364,153)
At 1st April 2001, restated	—	46,000,000	46,000,000
Acquisition of additional interest in a subsidiary	221,282	—	221,282
Amortisation charge (note 2(g)(ii))	(25,816)	(4,600,000)	(4,625,816)
At 31st March 2002	<b>195,466</b>	<b>41,400,000</b>	<b>41,595,466</b>
<b>Cost</b>	<b>221,282</b>	<b>92,000,000</b>	<b>92,221,282</b>
<b>Accumulated amortisation</b>	<b>(25,816)</b>	<b>(50,600,000)</b>	<b>(50,625,816)</b>
<b>Net book value, 31st March 2002</b>	<b>195,466</b>	<b>41,400,000</b>	<b>41,595,466</b>
Cost	—	92,000,000	92,000,000
Accumulated amortisation	—	(46,000,000)	(46,000,000)
Net book value, 31st March 2001	—	46,000,000	46,000,000

As at 31st March 2002, the remaining amortisation period of the trademarks is 9 years.



## 13 FIXED ASSETS

### (a) Group

	Investment properties HK\$	Other properties HK\$	Leasehold improve- ments HK\$	Air- conditioning plant HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Total HK\$
<b>Cost or valuation</b>							
At 1st April 2001	25,741,088	263,567,661	171,310,166	40,714,689	200,276,825	14,426,520	716,036,949
Additions	—	1,553,955	14,229,801	1,942,191	16,941,391	1,889,070	36,556,408
Disposals	—	(720,000)	(15,545,811)	(3,089,037)	(19,020,340)	(1,454,161)	(39,829,349)
Revaluation adjustment	(2,530,000)	—	—	—	—	—	(2,530,000)
At 31st March 2002	<u>23,211,088</u>	<u>264,401,616</u>	<u>169,994,156</u>	<u>39,567,843</u>	<u>198,197,876</u>	<u>14,861,429</u>	<u>710,234,008</u>
<b>Accumulated depreciation</b>							
At 1st April 2001	—	25,430,914	122,179,486	27,602,356	133,351,504	8,412,121	316,976,381
Charge for the year	—	5,233,021	20,827,708	4,682,891	19,163,888	1,752,059	51,659,567
Disposals	—	(122,100)	(14,814,743)	(2,870,726)	(16,748,436)	(1,377,906)	(35,933,911)
At 31st March 2002	<u>—</u>	<u>30,541,835</u>	<u>128,192,451</u>	<u>29,414,521</u>	<u>135,766,956</u>	<u>8,786,274</u>	<u>332,702,037</u>
<b>Net book value</b>							
<b>At 31st March 2002</b>	<b><u>23,211,088</u></b>	<b><u>233,859,781</u></b>	<b><u>41,801,705</u></b>	<b><u>10,153,322</u></b>	<b><u>62,430,920</u></b>	<b><u>6,075,155</u></b>	<b><u>377,531,971</u></b>
At 31st March 2001	<u>25,741,088</u>	<u>238,136,747</u>	<u>49,130,680</u>	<u>13,112,333</u>	<u>66,925,321</u>	<u>6,014,399</u>	<u>399,060,568</u>
The analysis of the cost or valuation of the above assets are as follows:							
<b>At cost</b>	<b>—</b>	<b>264,401,616</b>	<b>169,994,156</b>	<b>39,567,843</b>	<b>198,197,876</b>	<b>14,861,429</b>	<b>687,022,920</b>
<b>At professional valuation, 2002</b>	<b><u>23,211,088</u></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b><u>23,211,088</u></b>
<b>At 31st March 2002</b>	<b><u>23,211,088</u></b>	<b><u>264,401,616</u></b>	<b><u>169,994,156</u></b>	<b><u>39,567,843</u></b>	<b><u>198,197,876</u></b>	<b><u>14,861,429</u></b>	<b><u>710,234,008</u></b>
At cost	—	263,567,661	171,310,166	40,714,689	200,276,825	14,426,520	690,295,861
At professional valuation, 2001	<u>25,741,088</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,741,088</u>
At 31st March 2001	<u>25,741,088</u>	<u>263,567,661</u>	<u>171,310,166</u>	<u>40,714,689</u>	<u>200,276,825</u>	<u>14,426,520</u>	<u>716,036,949</u>



## NOTES TO THE ACCOUNTS

31ST MARCH 2002

### 13 FIXED ASSETS (cont'd)

#### (a) Group (cont'd)

The Group's interests in investment properties and other properties at their net book values are analysed as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
In Hong Kong, held on:		
Leases of over 50 years	<b>23,306,803</b>	23,506,803
Leases of between 10 to 50 years	<b>201,410,220</b>	208,188,558
Outside Hong Kong, held on:		
Leases of over 50 years	<b>20,586,228</b>	21,074,746
Leases of between 10 to 50 years	<b>11,767,618</b>	11,107,728
	<b>257,070,869</b>	263,877,835

At 31st March 2002, investment properties amounting to HK\$15,085,970 held by SHHL Group, were revalued by BMI Appraisals Limited and the remaining investment properties held by the Group were revalued by S.K. Pang Surveyors & Co. Ltd. on open market value basis. Both firms are independent professional valuers.

At 31st March 2002, a property in Macau with a net book value of HK\$10,524,010 (2001: HK\$10,774,954) was pledged to secure an overdraft facility of HK\$1,000,000 which had never been utilised. Details of banking facilities and pledged assets are set out in note 27.



### 13 FIXED ASSETS (cont'd)

#### (b) Company

	Other properties HK\$	Leasehold improve- ments HK\$	Air- conditioning plant HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Total HK\$
<b>Cost</b>						
At 1st April 2001	1,665,685	31,374,653	12,846,498	36,408,581	5,154,307	87,449,724
Additions	—	173,846	41,000	793,906	302,638	1,311,390
Disposals	—	(3,993,564)	(1,378,620)	(4,761,149)	(265,234)	(10,398,567)
At 31st March 2002	<u>1,665,685</u>	<u>27,554,935</u>	<u>11,508,878</u>	<u>32,441,338</u>	<u>5,191,711</u>	<u>78,362,547</u>
<b>Accumulated depreciation</b>						
At 1st April 2001	240,472	21,899,666	8,392,898	23,684,361	1,691,865	55,909,262
Charge for the year	33,312	3,368,607	1,364,778	3,413,158	731,250	8,911,105
Disposals	—	(3,940,601)	(1,378,620)	(4,036,213)	(188,979)	(9,544,413)
At 31st March 2002	<u>273,784</u>	<u>21,327,672</u>	<u>8,379,056</u>	<u>23,061,306</u>	<u>2,234,136</u>	<u>55,275,954</u>
<b>Net book value</b>						
At 31st March 2002	<u><b>1,391,901</b></u>	<u><b>6,227,263</b></u>	<u><b>3,129,822</b></u>	<u><b>9,380,032</b></u>	<u><b>2,957,575</b></u>	<u><b>23,086,593</b></u>
At 31st March 2001	<u>1,425,213</u>	<u>9,474,987</u>	<u>4,453,600</u>	<u>12,724,220</u>	<u>3,462,442</u>	<u>31,540,462</u>

The properties held by the Company are under medium-term lease and situated in Hong Kong.



# NOTES TO THE ACCOUNTS

31ST MARCH 2002

## 14 INVESTMENTS

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Subsidiaries (note (a))	—	—	<b>301,267,241</b>	301,267,241
Associated companies (note (b))	<b>6,316,257</b>	12,877,599	<b>8,564,831</b>	12,564,831
Club debentures, at cost	<b>4,996,880</b>	4,996,880	<b>4,996,880</b>	4,996,880
	<b>11,313,137</b>	17,874,479	<b>314,828,952</b>	318,828,952

### (a) Subsidiaries

	Company	
	2002 HK\$	2001 HK\$
Unlisted shares, at cost	<b>177,226,623</b>	177,226,623
Loans to subsidiaries	<b>124,040,618</b>	124,040,618
	<b>301,267,241</b>	301,267,241

The loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Details of the principal subsidiaries are set out in note 28.

### (b) Associated companies

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Unlisted shares, at cost less accumulated impairment losses	—	—	<b>8,564,831</b>	12,564,831
Share of net assets other than goodwill	<b>6,316,257</b>	12,877,599	—	—
	<b>6,316,257</b>	12,877,599	<b>8,564,831</b>	12,564,831

Details of principal associated companies are set out in note 28.



## 15 INVENTORIES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Raw materials	<b>12,586,668</b>	17,908,582	<b>1,910,198</b>	2,373,938
Packing materials	<b>1,970,469</b>	1,789,017	—	—
Work in progress	<b>228,376</b>	259,111	—	—
Finished goods	<b>418,160</b>	669,293	—	—
	<b>15,203,673</b>	20,626,003	<b>1,910,198</b>	2,373,938

As at 31st March 2002 and 2001, all inventories were stated at cost.

## 16 AMOUNTS DUE FROM/TO SUBSIDIARIES

The balances are unsecured and have no fixed terms of repayment.

Except for certain balances which are interest bearing, all other balances are interest free.

## 17 AMOUNT DUE FROM AN ASSOCIATED COMPANY

The balance is unsecured, interest-free and has no fixed terms of repayment.

## 18 TRADE RECEIVABLES

At 31st March 2002, the ageing analysis of the trade receivables is as follows:

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Current to 30 days	<b>3,949,213</b>	2,009,923	<b>1,091,775</b>	472,478
31 to 60 days	<b>1,285,496</b>	296,094	<b>14,384</b>	16,127
Over 60 days	<b>171,803</b>	151,126	—	—
	<b>5,406,512</b>	2,457,143	<b>1,106,159</b>	488,605

The majority of the Group's sales are conducted by cash, credit cards or through redemption of cake coupons. Credit sales are mainly to certain local and overseas corporate customers of the bakery operation who are normally granted with respective credit terms of 30 days and 61 to 120 days.



## NOTES TO THE ACCOUNTS

31ST MARCH 2002

### 19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

(a)

	Group		Company	
	2002 HK\$	Restated 2001 HK\$	2002 HK\$	Restated 2001 HK\$
Trade payables	30,708,366	35,620,841	20,864,254	24,636,125
Other payables and accrued charges	77,814,040	56,923,229	26,079,990	28,140,479
	<b>108,522,406</b>	<b>92,544,070</b>	<b>46,944,244</b>	<b>52,776,604</b>

(b) At 31st March 2002, the ageing analysis of the trade payables is as follows:

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Current to 30 days	7,949,696	7,119,298	—	—
31 to 60 days	20,966,560	27,596,947	19,094,436	23,887,734
Over 60 days	1,792,110	904,596	1,769,818	748,391
	<b>30,708,366</b>	<b>35,620,841</b>	<b>20,864,254</b>	<b>24,636,125</b>

### 20 PROVISION FOR LONG SERVICE PAYMENTS

The movements in provision for long service payments for the Group and for the Company during the year is as follows:

	Group HK\$	Company HK\$
At 1st April 2001	22,562,774	5,280,845
(Unused amount reversed) /provision for the year	(272,161)	270,887
Less: Amounts utilised	(3,309,613)	(234,732)
As at 31st March 2002	18,981,000	5,317,000
Less: current portion	(611,000)	(611,000)
Non-current portion	<b>18,370,000</b>	<b>4,706,000</b>

The provision for long service payments relates to the Group's net obligation to the long service payments liable to employees in accordance with the statutory requirements. The provision is reduced by the amount of employees' vested benefits that is attributable to the Group's contributions to the retirement schemes.



## 21 SHARE CAPITAL

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Authorised 400,000,000 ordinary shares of HK\$0.10 each	<b><u>40,000,000</u></b>	<u>40,000,000</u>
Issued and fully paid 312,803,609 (2001: 312,803,609) ordinary shares of HK\$0.10 each	<b><u>31,280,361</u></b>	<u>31,280,361</u>

## 22 RESERVES

(a) The reserves of the Group and of the Company as at 31st March 2002 are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	Restated 2001	<b>2002</b>	Restated 2001
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Reserves	<b>329,311,432</b>	325,131,511	<b>350,139,725</b>	349,899,449
Dividend reserve	<b><u>10,948,126</u></b>	<u>12,512,144</u>	<b><u>10,948,126</u></b>	<u>12,512,144</u>
Total reserves (note 22(b) & (c))	<b><u>340,259,558</u></b>	<u>337,643,655</u>	<b><u>361,087,851</u></b>	<u>362,411,593</u>

As at 31st March 2002, goodwill written off against the Group's retained earnings as a result of the acquisition of subsidiaries and associated companies prior to 1st April 2001 amounted to HK\$47,885,404(2001: HK\$47,885,404).





# NOTES TO THE ACCOUNTS

31ST MARCH 2002

## 22 RESERVES (cont'd)

### (b) Group

	Share premium HK\$	Exchange fluctuation reserve HK\$	Retained earnings HK\$	Total HK\$
At 1st April 2000,				
as previously reported	115,417,694	69,124	280,670,641	396,157,459
Effect of adopting SSAP 9 (revised) (note 2(s))	—	—	21,787,753	21,787,753
Effect of adopting SSAP 29 (note 2(g)(ii))	—	—	(26,764,153)	(26,764,153)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1st April 2000, restated	115,417,694	69,124	275,694,241	391,181,059
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, restated	—	—	30,299,637	30,299,637
2000 final dividend paid (note 8(a))	—	—	(21,787,753)	(21,787,753)
2001 interim dividend paid (note 8)	—	—	(9,384,109)	(9,384,109)
2001 special interim dividend in specie of shares in a subsidiary, restated (note 8(c))	—	—	(86,240,245)	(86,240,245)
Underprovision in prior year (note 8)	—	—	(108,500)	(108,500)
Write back of unclaimed dividend (note 8)	—	—	34,560	34,560
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2001, restated	<u>119,138,694</u>	<u>69,124</u>	<u>218,435,837</u>	<u>337,643,655</u>
Dealt with by:				
Company and subsidiaries	119,138,694	69,124	214,254,789	333,462,607
Associated companies	—	—	4,181,048	4,181,048
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2001, restated	<u>119,138,694</u>	<u>69,124</u>	<u>218,435,837</u>	<u>337,643,655</u>



## 22 RESERVES (cont'd)

## (b) Group (cont'd)

	Share premium HK\$	Exchange fluctuation reserve HK\$	Retained earnings HK\$	Total HK\$
At 1st April 2001, as previously reported	119,138,694	69,124	224,789,231	343,997,049
Effect of adopting SSAP 9 (revised) (note 2(s))	—	—	12,512,144	12,512,144
Effect of adopting SSAP 29 (note 2(g)(ii))	—	—	(18,865,538)	(18,865,538)
At 1st April 2001, restated	119,138,694	69,124	218,435,837	337,643,655
Profit for the year	—	—	19,820,101	19,820,101
2001 final dividend paid (note 8(a))	—	—	(12,512,144)	(12,512,144)
2002 interim dividend paid (note 8)	—	—	(4,692,054)	(4,692,054)
At 31st March 2002	<u>119,138,694</u>	<u>69,124</u>	<u>221,051,740</u>	<u>340,259,558</u>
Dealt with by:				
Company and subsidiaries	119,138,694	69,124	223,432,034	342,639,852
Associated companies	—	—	(2,380,294)	(2,380,294)
At 31st March 2002	<u>119,138,694</u>	<u>69,124</u>	<u>221,051,740</u>	<u>340,259,558</u>



# NOTES TO THE ACCOUNTS

31ST MARCH 2002

## 22 RESERVES (cont'd)

### (c) Company

	Share premium HK\$	Retained earnings HK\$	Total HK\$
At 1st April 2000, as previously reported	115,417,694	327,863,121	443,280,815
Effect of adopting SSAP 9 (revised)			
on proposed final dividend (note 2(s))	—	21,787,753	21,787,753
Effect of adopting SSAP 9 (revised)			
on dividend income	—	(450,000)	(450,000)
	<hr/>	<hr/>	<hr/>
At 1st April 2000, restated	115,417,694	349,200,874	464,618,568
Premium on issue of shares upon the exercise of share options	3,721,000	—	3,721,000
Profit for the year, restated	—	7,222,261	7,222,261
2000 final dividend paid (note 8(a))	—	(21,787,753)	(21,787,753)
2001 interim dividend paid (note 8)	—	(9,384,109)	(9,384,109)
2001 special interim dividend in specie of shares in a subsidiary (note 8)	—	(81,904,434)	(81,904,434)
Underprovision in prior year (note 8)	—	(108,500)	(108,500)
Write back of unclaimed dividend (note 8)	—	34,560	34,560
	<hr/>	<hr/>	<hr/>
At 31st March 2001, restated	119,138,694	243,272,899	362,411,593
	<hr/>	<hr/>	<hr/>
<b>At 1st April 2001, as previously reported</b>	<b>119,138,694</b>	<b>239,192,660</b>	<b>358,331,354</b>
<b>Effect of adopting SSAP 9 (revised)</b>			
<b>on proposed final dividend (note 2(s))</b>	—	<b>12,512,144</b>	<b>12,512,144</b>
<b>Effect of adopting SSAP 9 (revised)</b>			
<b>on dividend income</b>	—	<b>(8,431,905)</b>	<b>(8,431,905)</b>
	<hr/>	<hr/>	<hr/>
<b>At 1st April 2001, restated</b>	<b>119,138,694</b>	<b>243,272,899</b>	<b>362,411,593</b>
<b>Profit for the year</b>	—	<b>15,880,456</b>	<b>15,880,456</b>
<b>2001 final dividend paid (note 8(a))</b>	—	<b>(12,512,144)</b>	<b>(12,512,144)</b>
<b>2002 interim dividend paid (note 8)</b>	—	<b>(4,692,054)</b>	<b>(4,692,054)</b>
	<hr/>	<hr/>	<hr/>
<b>At 31st March 2002</b>	<b>119,138,694</b>	<b>241,949,157</b>	<b>361,087,851</b>



## 23 DEFERRED TAXATION

	Group	
	2002	2001
	HK\$	HK\$
At 1st April	<b>492,791</b>	540,294
Transfer from/(to) profit and loss account (note 6)	<b>1,072,681</b>	(47,503)
	<hr/>	<hr/>
At 31st March	<b>1,565,472</b>	492,791
	<hr/>	<hr/>
Provided for in respect of:		
Accelerated depreciation allowances	<b>1,571,958</b>	593,073
Other timing differences	<b>(6,486)</b>	(100,282)
	<hr/>	<hr/>
	<b>1,565,472</b>	492,791
	<hr/>	<hr/>

The potential deferred taxation assets not recognised in respect of:

	Group	
	2002	2001
	HK\$	HK\$
Excess of depreciation over tax allowance	<b>3,436,201</b>	2,363,022
Other timing differences	<b>(181,381)</b>	(262,609)
Tax losses	<b>301,648</b>	493,106
	<hr/>	<hr/>
	<b>3,556,468</b>	2,593,519
	<hr/>	<hr/>



## NOTES TO THE ACCOUNTS

31ST MARCH 2002

### 24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2002 HK\$	Restated 2001 HK\$
Operating profit	<b>37,626,547</b>	36,689,759
Interest income	<b>(3,785,910)</b>	(8,844,867)
Cash inflow from sales of cake coupons	<b>62,828,464</b>	86,831,061
Cake coupons redeemed as sales	<b>(70,218,342)</b>	(80,329,705)
Depreciation of fixed assets	<b>51,659,567</b>	49,572,310
Amortisation of intangible assets	<b>4,625,816</b>	4,600,000
Loss on disposal of fixed assets	<b>2,245,175</b>	4,429,804
Impairment of other properties	—	850,000
Deficit on revaluation of investment properties	<b>2,530,000</b>	570,000
Decrease in rental deposits paid	<b>1,383,636</b>	3,929,870
Decrease/(increase) in inventories	<b>5,422,330</b>	(3,683,589)
Decrease/(increase) in amount due from an associated company	<b>54,881</b>	(1,443,405)
Increase in trade receivables, deposits, prepayments and other receivables	<b>(822,687)</b>	(5,965,407)
Increase in trade payables, other payables and accrued charges	<b>15,978,336</b>	499,678
Decrease in provision for long service payments	<b>(3,581,774)</b>	(2,467,226)
Decrease in rental deposits received	<b>(130,681)</b>	(253,587)
Net cash inflow from operating activities	<b>105,815,358</b>	84,984,696



## 24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(cont'd)*

### (b) Analysis of changes in financing during the year

	Share capital including premium HK\$	Pledged bank deposits HK\$	Minority interests HK\$
At 1st April 2001, as previously reported	150,419,055	(3,683,118)	67,186,224
Effect of adopting SSAP 29	—	—	(12,498,615)
Effect of adopting SSAP 9 (revised)	—	—	6,341,835
	<hr/>	<hr/>	<hr/>
At 1st April 2001, restated	150,419,055	(3,683,118)	61,029,444
Repayment of loan and dividends paid to minority shareholders	—	—	(8,641,847)
Bank deposits pledged	—	(29,354)	—
Share of profits by minority interests	—	—	9,648,630
Increased interest in a subsidiary	—	—	221,282
	<hr/>	<hr/>	<hr/>
At 31st March 2002	<b>150,419,055</b>	<b>(3,712,472)</b>	<b>62,257,509</b>



## NOTES TO THE ACCOUNTS

31ST MARCH 2002

### 24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(cont'd)*

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

The comparative figures for 2001 are set out as follows:

	<b>Share capital including premium</b>	<b>Bank loan</b>	<b>Pledged bank deposits</b>	<b>Minority interests</b>
	HK\$	HK\$	HK\$	HK\$
At 1st April 2000	146,088,055	30,500,000	(3,753,052)	5,970,745
Issue of shares upon the exercise of options	4,331,000	—	—	—
Loans repaid	—	(30,500,000)	—	—
Repayment of loan and dividends paid to minority shareholders	—	—	—	(1,784,500)
Release of bank deposits pledged	—	—	69,934	—
Share of profits by minority interests, restated (note)	—	—	—	530,960
Special interim dividend by distribution in specie of shares in a subsidiary, restated (note)	—	—	—	56,312,239
At 31st March 2001, restated	<u>150,419,055</u>	<u>—</u>	<u>(3,683,118)</u>	<u>61,029,444</u>

Note: Non-cash items have been restated as a result of the adoption of SSAP 29.



## 25 COMMITMENTS

### (a) Capital commitments for leasehold improvements, furniture, fixtures and equipment

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Contracted but not provided for	<b>676,143</b>	412,684	—	—
Approved but not contracted for	<b>16,804,489</b>	19,200,000	<b>3,470,000</b>	3,200,000
	<b>17,480,632</b>	19,612,684	<b>3,470,000</b>	3,200,000

### (b) Commitments under operating leases

At 31st March 2002, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Not later than one year	<b>96,810,043</b>	91,668,709	<b>42,734,232</b>	46,314,304
Later than one year and not later than five years	<b>91,293,387</b>	69,887,476	<b>34,875,338</b>	7,905,968
Later than five years	<b>2,462,211</b>	5,002,374	—	—
	<b>190,565,641</b>	166,558,559	<b>77,609,570</b>	54,220,272

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

## 26 RELATED PARTY TRANSACTIONS

Pursuant to the management agreements entered into between the Company and an 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\$1,268,525 (2001: HK\$1,304,510).





## NOTES TO THE ACCOUNTS

31ST MARCH 2002

### 27 BANKING FACILITIES AND PLEDGED ASSETS

As at 31st March 2002, the Group had aggregate banking facilities of approximately HK\$26,562,000 (2001: HK\$20,890,000) 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 2002, the facilities were utilised by the Group to the extent of HK\$11,020,431 (2001: HK\$12,601,335) for bank guarantees granted to third parties in lieu of rental and utility deposits.

### 28 SUBSIDIARIES AND ASSOCIATED COMPANIES

The following is a list of the principal subsidiaries and associated companies as at 31st March 2002.

Name of subsidiaries/ associated companies	Place of incorporation and operation	Particular of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
<b>Principal subsidiaries</b>				
Interests 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
Interests 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	95	Restaurant operator



28 SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Name of subsidiaries/ associated companies	Place of incorporation and operation	Particular of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
<b>Principal subsidiaries (cont'd)</b>				
Interests held indirectly: (cont'd)				
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 <sup>@*</sup>	Macau	Ordinary MOP100,000	60.15	Bakery operator
Saint Honore Cake Shop (Shenzhen) Limited <sup>@**</sup>	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



# NOTES TO THE ACCOUNTS

31ST MARCH 2002

## 28 SUBSIDIARIES AND ASSOCIATED COMPANIES *(cont'd)*

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

@ The subsidiaries have a financial year end date of 31st December in compliance with the respective local regulations.

## 29 CONTINGENT LIABILITIES/POST BALANCE SHEET DATE EVENT

In May 2002, the Court of Appeal made a ruling against certain restaurant operators in connection with compensation to some restaurant employees for working on rest days. The directors, having reviewed the circumstances of the Group in the light of the ruling, are of the opinion that the ruling would not have a material impact on the Group.

On 6th May 2002, the Company had undertaken to provide HK\$44.5 million as a standing facility to SHHL Group for a three-month period and, if required, can be further extended. The facility has not been utilised up to the approval date of the accounts. Details of the transactions are set out in the press announcement on the same day.

## 30 COMPARATIVE FIGURES

Certain comparative figures in the balance sheets have been reclassified to conform with the current year's presentation. The changes included the reclassification of certain rental deposits paid previously classified under other receivables, deposits and prepayments to non-current assets, and the reclassification of certain rental deposits received and provision for long service payments previously classified under other payables and accrued charges to non-current liabilities. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group and of the Company.

## 31 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 11th July 2002.