*31ST MARCH, 2002*
*(Amounts expressed in Hong Kong dollars unless otherwise stated)*

## 1. ORGANISATION AND OPERATIONS

Café de Coral Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company under the Companies Act, 1981 of Bermuda with limited liability on 1st October, 1990.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and the food manufacturing business.

## 2. PRINCIPAL ACCOUNTING POLICIES

### a. Basis of presentation

The financial statements of the Company and its subsidiaries (the "Group") have been prepared under the historical convention as modified by the revaluation and valuation of investment properties and short-term investments, and in accordance with Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

### b. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted, for the first time, the following SSAPs issued by the Hong Kong Society of Accountants:

| | |
|---|---|
| SSAP 9 (revised) | Events after the balance sheet date |
| 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 |
| SSAP 32 | Consolidated financial statements and accounting for investments in subsidiaries |

In accordance with revised SSAP 9 (revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date while dividend income proposed or declared by the subsidiaries after the balance sheet date is no longer recognised as income. This change has been applied retrospectively and has increased retained profits of the Group at 31st March, 2000 and 2001 by approximately $70,547,000 and $82,690,000 respectively. In addition, the retained profits of the Company at 31st March, 2000 and 2001 have decreased by approximately $453,000 and $310,000 respectively. Dividends proposed after the balance sheet date are now separately disclosed on the face of the balance sheet within shareholders' equity.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### b. Adoption of Statements of Standard Accounting Practice *(Cont'd)*

Pursuant to the new SSAP 29 "Intangible assets", trademarks are considered intangible assets and are amortised over their estimated useful lives. This change has been applied retrospectively and has decreased the retained profits of the Group at 31st March, 2000 and 2001 by approximately $31,408,000 and $34,112,000 respectively. The profit attributable to shareholders of the Group for the year ended 31st March, 2001 was decreased by approximately $2,704,000.

In accordance with the new SSAP 30 "Business combinations", goodwill arising from acquisitions occurring on or after 1st April, 2001 is reported in the balance sheet as a separate asset or, as applicable, included within investments in associate and jointly controlled entities, and is amortised using the straight line method over its estimated useful life. This is a change in accounting policy since in previous years, goodwill on acquisitions was written off directly to reserves in the year of acquisition. The transition provisions under SSAP 30 encourage but do not require the Group to restate goodwill that was previously written off directly to reserves. Accordingly, the Group has chosen not to restate goodwill that was previously written off directly to reserves. However, the Group will review, at each balance sheet date, the carrying value of goodwill in accordance with SSAP 31 "Impairment of assets" and recognise or reverse impairment losses, if any.

The adoption of SSAP 26, SSAP 28, SSAP 31 and SSAP 32 had no material impact on the reported financial results of the Group.

In addition to the adoption of the above standards, the Group has adopted the consequential changes made to SSAP 10 "Accounting for investments in associates", SSAP 17 "Property, plant and equipment", SSAP 18 "Revenue" and SSAP 21 "Accounting for interests in joint ventures". Other than those disclosed in the respective notes to the financial statements, the Group considers that the consequential changes made to the above SSAPs do not have any material impact on the financial statements of the Group.

Unless otherwise stated, the 2001 comparative figures presented herein have incorporated the effect of adjustments, where applicable, resulting from the adoption of the new accounting standards above.

### c. Basis of consolidation

The consolidated financial statements of the Group include the accounts of the Company and the enterprises that it controls. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal. The equity and net income attributable to minority shareholders' interests are shown separately in the Group's balance sheet and income statement respectively.

Intragroup balances and transactions and resulting unrealised profits are eliminated in full. Unrealised losses resulting from intragroup transactions are eliminated unless cost cannot be recovered. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### d. Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets and liabilities acquired as at the date of the acquisition.

For acquisitions prior to 1st April, 2001, goodwill was eliminated against reserves in the year of acquisition. The Group has taken advantage of the transitional provision in SSAP 30 "Business combinations" and such goodwill has not been restated.

For acquisitions on or after 1st April, 2001, goodwill is recognised as an asset in the balance sheet. With respect to investments in associate and jointly controlled entities accounted for under the equity method of accounting, goodwill is included in the carrying amount of the investments. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses, and is amortised on a straight-line basis over its useful life of 20 years.

On disposal of subsidiaries, associate and jointly controlled entities, the gain or loss on disposal is calculated by reference to the net assets of the subsidiaries, associate and jointly controlled entities at the date of disposal, including the attributable amount of goodwill which has not been charged to the consolidated income statement.

The carrying amount of goodwill is reviewed annually by the directors and an impairment loss is recognised where considered necessary.

### e. Fixed assets and depreciation

Initial purchases of utensils, cutlery and glassware are capitalised at original historical cost and are included in restaurant equipment. Costs of subsequent replacements are charged to the income statement in the year of expenditure.

Fixed assets, other than utensils, cutlery, glassware and investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed assets, the expenditure is capitalised as an additional cost of the fixed assets.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### e. Fixed assets and depreciation *(Cont'd)*

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over its expected useful life. The annual rates are as follows:

| | |
|---|---|
| Leasehold improvements | Over the unexpired period of the lease |
| Leasehold land | Over the remaining period of the lease |
| Buildings | 2.5% |
| Furniture, restaurant and other equipment | 12.5% to 20% |

The useful lives of assets and depreciation methods are reviewed periodically.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

### f. 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 long-term investment potential.

Investment properties are included in the balance sheet at open market value, on the basis of an annual valuation by independent professional valuers. Increases in the carrying amount of investment properties are credited to the property revaluation reserve in shareholders' equity. Decreases are first offset against increases on earlier valuations in the property revaluation reserve, unless the total of this reserve is insufficient to cover a deficit on a portfolio basis, in which case the amount by which the deficit exceeds the total amount in the property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to the income statement as part of the profit or loss on disposal of the investment property.

No depreciation is provided on investment properties unless the unexpired lease term is 20 years or less, in which case depreciation is provided on the carrying value over the unexpired lease term.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### g. Trademarks

Trademarks acquired are measured initially at cost. Trademarks are recognised if it is probable that the future economic benefits that are attributable to the trademarks will flow to the Group, and the cost of the trademarks can be measured reliably.

After initial recognition, trademarks are stated at cost less accumulated amortisation and any accumulated impairment losses. Trademarks are amortised on a straight-line basis over their estimated useful lives of 10 to 20 years. The amortisation period and the amortisation method are reviewed annually at each financial year end. The carrying amount of trademarks is reviewed annually by the directors and an impairment loss is recognised where considered necessary.

### h. Subsidiaries

A subsidiary is a company which the Company controls. Control is normally evidenced when the Group has the power to govern the financial and operating policies of an enterprise so as to benefit from its activities. In the financial statements of the Company, investment in subsidiaries is carried at cost less provision for impairment in value where considered necessary by the directors. The results of the subsidiaries are included in the Company's income statement to the extent of dividends declared by the subsidiaries.

### i. Associate

An associate is an enterprise over which the Group has significant influence, but not control or joint control, and thereby has the ability to participate in its financial and operating policy decisions.

In the consolidated financial statements, investment in an associate is accounted for under the equity method of accounting, whereby the investment is initially recorded at cost and the carrying amount is adjusted to recognise the Group's share of the post-acquisition profits or losses of the associate, distributions received from the associate and other necessary alterations in the Group's proportionate interest in the associate arising from changes in the equity of the associate that have not been included in the income statement and less any accumulated impairment losses. The Group's share of post-acquisition results of associates is included in the consolidated income statement.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### j. Jointly controlled entities

A jointly controlled entity is an entity under a contractual arrangement where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

In the consolidated financial statements, the Group's interest in jointly controlled entities is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the jointly controlled entities, distributions received from the jointly controlled entities and other necessary alterations in the Group's proportionate interest in the jointly controlled entities arising from changes in the equity of the jointly controlled entities that have not been included in the income statement and less any accumulated impairment losses. The Group's share of post-acquisition results of the jointly controlled entities is included in the consolidated income statement.

### k. Other investments

Other investments, which include both equity and club debentures, intended to be held for an identified long term purpose on a continuing basis, are included in the balance sheet at cost less any provision for impairment in value.

The carrying amounts of other investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When such a decline has occurred, the carrying amounts are reduced and the reduction is recognised as an expense in the income statement unless there is evidence that the decline is temporary.

Provisions against the carrying value of other investments are reversed to the income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Upon disposal of other investments, any profit or loss thereon is accounted for in the income statement.

### l. Short-term investments

Short-term investments are listed shares carried at fair value in the balance sheet. Any unrealised holding gain or loss on short-term investments is recognised in the income statement in the period when it arises.

Upon disposal of short-term investments, any profit or loss thereon is accounted for in the income statement.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### m. Stocks

Stocks comprise mainly food and consumable stores. Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

### n. Cash and cash equivalents

Cash represents cash on hand and placements with banks or other financial institutions which are repayable on demand.

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

### o. Turnover

Turnover comprises (i) the value of sales in the normal course of the restaurant and catering businesses and (ii) rental income.

### p. Revenue recognition

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

*(i) Sales of goods and services*

Sales of goods and services are recognised when the significant risks and rewards of ownership of the goods have been transferred or services are rendered.

*(ii) Rental income*

Rental income is recognised when rentals become due and receivable.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### p. Revenue recognition *(Cont'd)*

*(iii) Interest income*

Interest income from bank placements is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

### q. Cost of sales

Cost of sales represents costs which vary directly or indirectly with the level of sales of the Group. It comprises cost of stocks and operating costs incurred to generate sales of goods and services, and rental income. The operating costs include mainly operating lease rentals, staff costs, utility costs and depreciation of fixed assets incurred by quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and outgoings for rental income.

### r. Deferred taxation

Deferred taxation is provided under the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that it is probable that a liability or an asset will crystallise.

### s. Operating leases

Leases where substantially all the risks and rewards of ownership of the leased assets remain with the lessors are accounted for as operating leases. Rentals applicable to such leases are charged to the income statement on a straight-line basis over the period of the relevant leases.

### t. Foreign currencies

Companies within the Group maintain their books and records in the primary currencies of their respective countries (the "functional currencies").

In the financial statements of the individual companies, monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into the respective functional currencies at rates of exchange in effect at the balance sheet date. Transactions in other currencies during the year are translated into the respective functional currencies at rates of exchange in effect at the time of the transactions. Exchange differences are dealt with in the income statements of the individual companies.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### t. Foreign currencies *(Cont'd)*

For the purpose of consolidation, all assets and liabilities of subsidiaries other than those originally funded in Hong Kong dollars are translated into Hong Kong dollars at rates of exchange in effect at the balance sheet date; those originally funded by Hong Kong dollars are translated at historical rates. All income and expense items are translated at the monthly average rates of exchange over the year. Exchange differences arising on such translation are credited or charged to the exchange translation reserve.

### u. Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### v. Impairment of assets

Fixed assets (other than investment properties), trademarks, investments in subsidiaries, associate and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the income statement.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### w. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

### x. Subsequent events

Post-year-end events that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate ("Adjusting Events") are reflected in the financial statements. Post-year-end events that are not Adjusting Events are disclosed in the notes when material.

### y. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Hong Kong requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. SEGMENT INFORMATION

No segment information is provided as over 90% of the turnover and contribution to the Group's results are attributable to the restaurants and catering services in Hong Kong.

## 4. TURNOVER AND OTHER REVENUE, NET

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Sales of goods and services | **2,588,338** | 2,522,033 |
| Rental income | **25,209** | 18,293 |
| Total turnover | **2,613,547** | 2,540,326 |
| Interest income | **31,244** | 39,698 |
| Management and service fee income | **4,697** | 4,075 |
| Net gain/(loss) on disposals of fixed assets | **14,479** | (6,141) |
| Sundry income | **10,676** | 16,908 |
| Total other revenue, net | **61,096** | 54,540 |
| | **2,674,643** | 2,594,866 |

## 5. PROFIT BEFORE TAXATION

The consolidated profit before taxation was determined after charging and crediting the following:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | (Note 27) |
| **After charging** | | |
| Operating lease rentals in respect of rented premises | **290,789** | 275,963 |
| Interest expense on bank overdrafts and loans wholly repayable within five years | **21,417** | 25,987 |
| Depreciation of fixed assets | **116,029** | 114,524 |
| Unrealised loss on short-term investments | **1,065** | 611 |
| Realised loss on disposal of other investments | **–** | 5 |
| Cost of stocks sold | **803,818** | 796,299 |
| Amortisation of trademarks | **2,704** | 2,704 |
| Amortisation of premium on acquisition of a jointly controlled entity | **570** | – |
| Staff costs (including directors' emoluments) | **698,889** | 681,163 |
| Auditors' remuneration | **1,737** | 2,037 |
| **After crediting** | | |
| Gross rental income from investment properties | **9,718** | 6,679 |
| Less: Outgoings | **(108)** | (188) |
| | **9,610** | 6,491 |
| Other rental income less outgoings | **8,856** | 6,725 |
| Exchange gain, net | **30** | 55 |
| Realised gain on disposals of short-term investments | **1,280** | – |
| Realised gain on disposals of other investments | **1** | – |

## 6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

a. Details of directors' emoluments pursuant to Section 161 of the Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited (the "SEHK") are as follows:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Fees | | |
| – Executive directors | **200** | 200 |
| – Non-executive directors and independent non-executive directors | **400** | 400 |
| Other emoluments for executive directors | | |
| – Basic salaries, gratuities and other allowances | **5,011** | 3,715 |
| – Benefits from share options exercised | **–** | 1,846 |
| – Contributions to pension scheme | **422** | 475 |
| – Discretionary bonuses | **6,667** | 6,284 |
| | **12,700** | 12,920 |

No directors waived any emoluments during the year.

Analysis of the emoluments of the executive directors by number of directors and emolument ranges is as follows:

| | **2002** | 2001 |
|---|---|---|
| Nil to $1,000,000 | **1** | 1 |
| $1,000,001 to $1,500,000 | **1** | – |
| $1,500,001 to $2,000,000 | **–** | 1 |
| $4,500,001 to $5,000,000 | **1** | 1 |
| $5,000,001 to $5,500,000 | **1** | 1 |
| | **4** | 4 |

The emoluments of all non-executive directors were below $1,000,000.

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## 6. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Cont'd)*

b. Details of emoluments earned by the five highest paid individuals (including directors and employees) are as follows:

| | 2002 | 2001 |
|---|---|---|
| | $'000 | $'000 |
| Directors' fees | 150 | 150 |
| Basic salaries, gratuities and other allowances | 5,293 | 3,985 |
| Benefits from share options exercised | 765 | 2,378 |
| Contributions to pension scheme | 486 | 593 |
| Discretionary bonuses | 6,797 | 6,827 |
| | 13,491 | 13,933 |

Three (2001 – Three) of the five highest paid individuals were directors of the Company, and their emoluments have been included in Note 6a.

During the year, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as inducement to join or as compensation for loss of office.

Analysis of the emoluments earned by the five highest paid individuals (including directors and employees) by number of individuals and emolument ranges is as follows:

| | 2002 | 2001 |
|---|---|---|
| Nil to $1,000,000 | 2 | 1 |
| $1,000,001 to $1,500,000 | 1 | 1 |
| $1,500,001 to $2,000,000 | – | 1 |
| $4,500,001 to $5,000,000 | 1 | 1 |
| $5,000,001 to $5,500,000 | 1 | 1 |
| | 5 | 5 |

## 7. TAXATION

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2001 – 16%) on the estimated assessable profits for the year. Overseas taxation has been calculated on the estimated assessable profits for the year at the tax rates prevailing in the respective jurisdictions of countries in which the Group operates.

Taxation in the consolidated income statement comprises:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Company and subsidiaries: | | |
| Hong Kong profits tax | **34,298** | 37,062 |
| Overseas taxation | **649** | 261 |
| Deferred taxation (Note 21) | **4,856** | (636) |
| | **39,803** | 36,687 |
| Associate: | | |
| Hong Kong profits tax | **297** | 117 |
| Jointly controlled entities: | | |
| Overseas taxation | **2,603** | 1,166 |
| | **42,703** | 37,970 |

## 8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of approximately $107,004,000 (2001 (as restated) – $94,043,000) dealt with in the financial statements of the Company.

## 9. DIVIDENDS

| | 2002 $'000 | 2001 $'000 (Note 27) |
|---|---|---|
| Dividends declared or proposed in respect of the year: | | |
| – Interim dividend paid: 4.4 cents per share (2001 – 4.4 cents per share) | **24,044** | 24,061 |
| – Final dividend proposed: 17.1 cents per share (2001 – 15.1 cents per share) (i) | **93,336** | 82,690 |
| | **117,380** | 106,751 |
| Dividends declared or proposed during the year: | | |
| – Final dividend for 2001 paid: 15.1 cents per share (2001 – final dividend for 2000 paid: 12.8 cents per share) | **82,690** | 70,547 |
| – Adjustment to final dividend in respect of share options exercised and shares purchased prior to the dividend payment date | **(211)** | (275) |
| – Interim dividend for 2002 paid: 4.4 cents per share (2001 – interim dividend for 2001 paid: 4.4 cents per share) | **24,044** | 24,061 |
| | **106,523** | 94,333 |

(i) The dividends amounting to approximately $93,336,000 (2001 – $82,690,000) have been declared or proposed after the balance sheet date but before the financial statements approval date and accordingly are not recognised as a liability as at the balance sheet date.

## 10. EARNINGS PER SHARE

Basic earnings per share was calculated based on the consolidated profit attributable to shareholders of approximately $280,000,000 (2001 (as restated) – $251,574,000) divided by the weighted average number of ordinary shares outstanding during the year of 546,397,803 shares (2001 – 548,795,754 shares).

Diluted earnings per share was calculated based on the consolidated profit attributable to shareholders of approximately $280,000,000 (2001 (as restated) – $251,574,000) divided by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all dilutive potential ordinary shares. The weighted average number of ordinary shares used to compute diluted earnings per share was 554,462,694 (2001 – 549,554,693).

Reconciliation of the number of ordinary shares for calculation of basic and diluted earnings per share:

| | 2002 | 2001 |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | **546,397,803** | 548,795,754 |
| Deemed issue of ordinary shares for no consideration | **8,064,891** | 758,939 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | **554,462,694** | 549,554,693 |

## 11. FIXED ASSETS

a. Movements in fixed assets (consolidated) were as follows:

| | 2002 | | | | |
|---|---|---|---|---|---|
| | **Investment properties** | **Land and buildings** | **Leasehold improvements** | **Furniture, restaurant and other equipment** | **Total** |
| | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* |
| **Cost or valuation** | | | | | |
| Beginning of year | 97,350 | 560,847 | 235,705 | 711,782 | 1,605,684 |
| Revaluation | (4,050) | – | – | – | (4,050) |
| Additions | 22,500 | 37,818 | 19,143 | 146,996 | 226,457 |
| Disposals | – | (43,639) | (10,074) | (38,200) | (91,913) |
| End of year | 115,800 | 555,026 | 244,774 | 820,578 | 1,736,178 |
| Representing | | | | | |
| At cost | – | 555,026 | 244,774 | 820,578 | 1,620,378 |
| At professional valuation in 2002 | 115,800 | – | – | – | 115,800 |
| | 115,800 | 555,026 | 244,774 | 820,578 | 1,736,178 |
| **Accumulated depreciation** | | | | | |
| Beginning of year | – | 84,701 | 170,928 | 459,901 | 715,530 |
| Charge for the year | – | 10,339 | 16,918 | 88,772 | 116,029 |
| Disposals | – | (10,507) | (9,455) | (29,265) | (49,227) |
| End of year | – | 84,533 | 178,391 | 519,408 | 782,332 |
| **Net book value** | | | | | |
| End of year | 115,800 | 470,493 | 66,383 | 301,170 | 953,846 |
| Beginning of year | 97,350 | 476,146 | 64,777 | 251,881 | 890,154 |

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## 11. FIXED ASSETS *(Cont'd)*

b. Details of investment properties and land and buildings

The carrying amount of investment properties and land and buildings (consolidated) comprised:

| | **Investment properties** | | **Land and buildings** | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | ***$'000*** | *$'000* | ***$'000*** | *$'000* |
| Situated in Hong Kong | **115,800** | 97,350 | **405,628** | 409,455 |
| Situated in the PRC | **–** | – | **47,766** | 49,486 |
| Situated in Macau | **–** | – | **17,099** | 17,205 |
| | **115,800** | 97,350 | **470,493** | 476,146 |

Investment properties and land and buildings situated in Hong Kong and Macau are held under long-term leases. Land and buildings situated in the PRC are held under land use rights for a period of 50 years expiring between January 2031 and February 2041.

The investment properties were revalued as at 31st March, 2002 on an open market value basis by FPD Savills (Hong Kong) Limited, independent professional valuers, on 10th April, 2002. As a result of the appraisal, a decrease in value of the Group's investment properties of $4,050,000 as at 31st March, 2002 (2001 – $705,000) was charged to the revaluation reserve.

## 12. TRADEMARKS

Movements in trademarks (consolidated) were as follows:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | (Note 27) |
| **Cost** | | |
| Beginning and end of year | **64,694** | 64,694 |
| **Accumulated amortisation and impairment losses** | | |
| Beginning of year | **36,532** | 33,408 |
| Amortisation for the year | **2,704** | 2,704 |
| Provision for impairment losses | **–** | 420 |
| End of year | **39,236** | 36,532 |
| **Net book value** | | |
| End of year | **25,458** | 28,162 |
| Beginning of year | **28,162** | 31,286 |

The trademarks mainly represent the intellectual properties relating to the 'Ah Yee Leng Tong' and 'The Spaghetti House' operations.

The directors are of the opinion that the fair values of the trademarks were not less than their carrying values as at 31st March, 2002.

## 13. INVESTMENT IN SUBSIDIARIES

In the Company's balance sheet, investment in subsidiaries comprised:

| | 2002 $'000 | 2001 $'000 |
|---|---|---|
| Unlisted shares, at cost | **331,802** | 331,802 |
| Due from subsidiaries | **75,289** | 81,932 |
| | **407,091** | 413,734 |

Details of principal subsidiaries as at 31st March, 2002 are set out on pages 66 to 69. None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March, 2002.

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

The directors are of the opinion that the underlying value of the subsidiaries was not less than the carrying value as at 31st March, 2002.

## 14. INVESTMENT IN AN ASSOCIATE

Investment in an associate (consolidated) represented:

| | 2002 $'000 | 2001 $'000 |
|---|---|---|
| Share of net assets of the associate | **776** | 814 |
| Due from the associate | **60** | – |
| Loan to the associate | **–** | 800 |
| | **836** | 1,614 |

a. Details of the associate as at 31st March, 2002 were as follows:

| Name | Place and date of incorporation | Particulars of issued shares held | Equity interest attributable to the Group | Principal activities/Place of operation |
|---|---|---|---|---|
| Miracle Time Enterprises Limited | Hong Kong/ 21st February, 2000 | Ordinary shares of $1 each | 20% | Operation of a restaurant/ Hong Kong |

b. The amount due from the associate is unsecured, non-interest bearing and has no fixed repayment terms.

c. The directors are of the opinion that the underlying value of the associate was not less than its carrying amount as at 31st March, 2002.

## 15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Investment in jointly controlled entities (consolidated) represented:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Share of net (liabilities)/assets of the jointly controlled entities | **(6,615)** | 13,549 |
| Premium on acquisition of a jointly controlled entity less amortisation | **29,823** | – |
| Due from jointly controlled entities | **2,509** | 790 |
| | **25,717** | 14,339 |

a. On 22nd November, 2001, the Group acquired an interest in a jointly controlled entity which manages and operates fast food and casual dining restaurants known as "China Inn", "Oishii Kitchen" and "Dai Bai Dang" in the United States for approximately $7,157,000. The excess of the purchase consideration over the Group's share of net identifiable assets and liabilities is recognised as an asset and amortised over 20 years.

b. Details of the jointly controlled entities as at 31st March, 2002 were as follows:

| **Name** | **Place and date of incorporation** | **Percentage of interest in ownership/ voting power/ profit sharing** | **Principal activities/ Place of operation** |
|---|---|---|---|
| Manchu Wok Enterprises, Inc ("MWEI") | Canada/ 28th July, 2000 | 48% | Operation of restaurants/ The United States and Canada |
| Manchu Wok Enterprises II Inc ("MWEII") | Canada/ 22nd November, 2001 | 48% | Operation of restaurants/ The United States |

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

d. The directors are of the opinion that the underlying value of the jointly controlled entities was not less than the carrying amount as at 31st March, 2002.

## 16. OTHER INVESTMENTS

Other investments (consolidated) represented:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Listed shares, at cost | | |
| – listed in Hong Kong* | **18,183** | 18,197 |
| Club debentures, at cost | **350** | 350 |
| | **18,533** | 18,547 |
| *Quoted market value of listed investments | **10,496** | 9,822 |

## 17. TRADE DEBTORS AND CREDITORS

The Group's sales to customers are mainly on a cash basis. The Group also grants a credit period which is usually less than 90 days to certain customers of the Group's institutional catering services and food manufacturing businesses.

As at 31st March, 2002, approximately 87% (2001 – 90%) of the Group's trade debtors were aged less than 60 days while over 99% (2001 – 99%) of the trade creditors were aged less than 60 days.

## 18. SHORT-TERM INVESTMENTS

Short-term investments (consolidated) represented:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Listed shares, at market value | | |
| – listed in Hong Kong | **6,448** | 9,169 |

## 19. SHORT-TERM BANK BORROWINGS

Short-term bank borrowings (consolidated) comprised:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Bank overdrafts and loans | | |
| – with original maturity within three months | **150,000** | 145,000 |
| – with original maturity more than three months | **–** | 90,000 |
| Current portion of non-current bank loans (Note 20) | **–** | 1,541 |
| | **150,000** | 236,541 |
| Secured | **–** | 166,541 |
| Unsecured | **150,000** | 70,000 |
| | **150,000** | 236,541 |

## 20. NON-CURRENT BANK LOANS

Non-current bank loans (consolidated) comprised:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Secured bank loans repayable within a period | | |
| – not exceeding one year | – | 1,541 |
| – of more than one year but not exceeding two years | – | 40,000 |
| | – | 41,541 |
| Less: Amounts repayable within one year included under short-term bank borrowings (Note 19) | – | (1,541) |
| | – | 40,000 |
| Unsecured bank loans repayable within a period of | | |
| – more than one year but not exceeding two years | **30,000** | 60,000 |
| – more than two years but not exceeding five years | **50,000** | – |
| | **80,000** | 100,000 |

## 21. DEFERRED TAXATION

Deferred taxation (consolidated) resulted from the following:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Accelerated depreciation allowances for taxation purposes | **16,235** | 11,379 |

Movements in deferred taxation (consolidated) were as follows:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Beginning of year | **11,379** | 12,015 |
| Provision for (Write-back of) net timing differences (Note 7) | **4,856** | (636) |
| End of year | **16,235** | 11,379 |

There was no significant unprovided deferred taxation.

Deferred taxation is not provided on the property revaluation surplus because the realisation of the surplus will not be subject to taxation.

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*(Amounts expressed in Hong Kong dollars unless otherwise stated)*

## 22. SHARE CAPITAL AND SHARE OPTIONS

### a. Share capital

| | **2002** Number of shares '000 | **2002** Nominal value $'000 | 2001 Number of shares '000 | 2001 Nominal value $'000 |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of $0.10 each | **1,000,000** | **100,000** | 1,000,000 | 100,000 |
| **Issued and fully paid** | | | | |
| Beginning of year | **546,888** | **54,689** | 550,658 | 55,066 |
| Shares issued under the share option schemes (Note 22b) | **1,460** | **146** | 2,440 | 244 |
| Shares purchased and cancelled by the Company (Note i) | **(2,622)** | **(262)** | (6,210) | (621) |
| End of year | **545,726** | **54,573** | 546,888 | 54,689 |

(i) During the year, the Company purchased and cancelled 2,622,000 (2001 – 6,210,000) of its ordinary shares of $0.10 each on the SEHK at a price range of $3.825 to $4.500 (2001 – $2.800 to $3.250) per share for total consideration of approximately $10,767,000 (2001 – $18,718,000) including related expenses.

### b. Share options

As at 31st March, 2002, the share options outstanding under the share option scheme adopted on 30th January, 1991 were exercisable at $2.232 to $2.950 per share during the period from 24th November, 1997 to 31st March, 2013.

Details of share options are as follows:

| | | Number of share options | | | | |
|---|---|---|---|---|---|---|
| **Date of grant** | **Subscription price** | **Beginning of year** | **Exercised during the year** | **Lapsed on expiry** | **Cancelled as a result of termination of employment** | **End of year** |
| 1st August, 1992 | $2.820 | 740,000 | (740,000) | – | – | – |
| 1st November, 1994 | $2.232 | 820,000 | (720,000) | – | – | 100,000 |
| 4th November, 1999 | $2.950 | 25,500,000 | – | – | (1,100,000) | 24,400,000 |
| | | 27,060,000 | (1,460,000) | – | (1,100,000) | 24,500,000 |

No share options have been granted by the Company under the new share option scheme since its adoption on 19th September, 2000.

## 23. RESERVES

Movements in reserves were as follows:

| | Share premium $'000 | Capital redemption reserve $'000 | Exchange translation reserve $'000 | Capital reserve $'000 | Property revaluation reserve $'000 | Contributed surplus $'000 | Retained profits $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Consolidated** | | | | | | | | |
| At 1st April, 2000, as previously reported | 125,958 | 35,212 | (1,186) | 11,704 | 7,807 | 202,019 | 662,081 | 1,043,595 |
| Effect of adopting SSAP 9 (revised) (Note 2b) | – | – | – | – | – | – | 70,547 | 70,547 |
| Effect of adopting SSAP 29 (Note 2b) | – | – | – | – | – | – | (31,408) | (31,408) |
| At 1st April, 2000, as restated | 125,958 | 35,212 | (1,186) | 11,704 | 7,807 | 202,019 | 701,220 | 1,082,734 |
| Premium on shares issued on exercise of share options | 4,471 | – | – | – | – | – | – | 4,471 |
| Premium on repurchase of shares | (18,097) | – | – | – | – | – | – | (18,097) |
| Transfer of reserves on repurchase of shares | – | 18,718 | – | – | – | (18,718) | – | – |
| Deficit on revaluation of investment properties | – | – | – | – | (705) | – | – | (705) |
| Goodwill arising on acquisition of a jointly controlled entity | – | – | – | (14,174) | – | – | – | (14,174) |
| Exchange differences arising on consolidation | – | – | 2,365 | – | – | – | – | 2,365 |
| Profit attributable to shareholders, as restated | – | – | – | – | – | – | 251,574 | 251,574 |
| Dividends, as restated (i) | – | – | – | – | – | – | (94,333) | (94,333) |
| At 31st March, 2001, as restated | 112,332 | 53,930 | 1,179 | (2,470) | 7,102 | 183,301 | 858,461 | 1,213,835 |
| Representing: | | | | | | | | |
| Reserves | | | | | | | | 1,131,145 |
| 2001 final dividends proposed | | | | | | | | 82,690 |
| | | | | | | | | 1,213,835 |
| The Company and subsidiaries | 112,332 | 53,930 | (1,273) | (2,470) | 7,102 | 183,301 | 855,873 | 1,204,573 |
| Associates | – | – | – | – | – | – | 614 | 614 |
| Jointly controlled entities | – | – | 2,452 | – | – | – | 1,974 | 8,648 |
| | 112,332 | 53,930 | 1,179 | (2,470) | 7,102 | 183,301 | 858,461 | 1,213,835 |

## 23. RESERVES *(Cont'd)*

| | Share premium $'000 | Capital redemption reserve $'000 | Exchange translation reserve $'000 | Capital reserve $'000 | Property revaluation reserve $'000 | Contributed surplus $'000 | Retained profits $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Consolidated** | | | | | | | | |
| At 1st April, 2001, as previously reported | 112,332 | 53,930 | 1,179 | (2,470) | 7,102 | 183,301 | 809,883 | 1,165,257 |
| Effect of adopting SSAP 9 (revised) (Note 2b) | – | – | – | – | – | – | 82,690 | 82,690 |
| Effect of adopting SSAP 29 (Note 2b) | – | – | – | – | – | – | (34,112) | (34,112) |
| At 1st April, 2001, as restated | 112,332 | 53,930 | 1,179 | (2,470) | 7,102 | 183,301 | 858,461 | 1,213,835 |
| Premium on shares issued on exercise of share options | 3,548 | – | – | – | – | – | – | 3,548 |
| Premium on repurchase of shares | (10,505) | – | – | – | – | – | – | (10,505) |
| Transfer of reserves on repurchase of shares | – | 10,767 | – | – | – | (10,767) | – | – |
| Deficit on revaluation of investment properties | – | – | – | – | (4,050) | – | – | (4,050) |
| Goodwill arising on acquisition of a jointly controlled entity | – | – | – | – | – | – | – | – |
| Exchange differences arising on consolidation | – | – | (167) | – | – | – | – | (167) |
| Profit attributable to shareholders | – | – | – | – | – | – | 280,000 | 280,000 |
| Dividends (i) | – | – | – | – | – | – | (106,523) | (106,523) |
| At 31st March, 2002 | 105,375 | 64,697 | 1,012 | (2,470) | 3,052 | 172,534 | 1,031,938 | 1,376,138 |
| Representing: | | | | | | | | |
| Reserves | | | | | | | | 1,282,802 |
| Proposed dividends | | | | | | | | 93,336 |
| | | | | | | | | 1,376,138 |
| The Company and subsidiaries | 105,375 | 64,697 | (1,316) | (2,470) | 3,052 | 172,534 | 1,025,043 | 1,366,915 |
| Associates | – | – | – | – | – | – | 575 | 575 |
| Jointly controlled entities | – | – | 2,328 | – | – | – | 6,320 | 8,648 |
| | 105,375 | 64,697 | 1,012 | (2,470) | 3,052 | 172,534 | 1,031,938 | 1,376,138 |

## 23. RESERVES *(Cont'd)*

| | Share premium $'000 | Capital redemption reserve $'000 | Contributed surplus $'000 | Retained profits $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| At 1st April, 2000, as previously restated | 125,958 | 35,212 | 211,289 | 1,063 | 373,522 |
| Effect of adopting SSAP 9 (revised) (Note 2b) | – | – | – | (453) | (453) |
| At 1st April, 2000, as restated | 125,958 | 35,212 | 211,289 | 610 | 373,069 |
| Premium on shares issued on exercise of share options | 4,471 | – | – | – | 4,471 |
| Premium on repurchase of shares | (18,097) | – | – | – | (18,097) |
| Transfer of reserves on repurchase of shares | – | 18,718 | (18,718) | – | – |
| Profit attributable to shareholders, as previously reported | – | – | – | 106,043 | 106,043 |
| Effect of adopting SSAP 9 (revised) | – | – | – | (12,000) | (12,000) |
| Profit attributable to shareholders, as restated | – | – | – | 94,043 | 94,043 |
| Dividends, as previously reported | – | – | – | (106,476) | (106,476) |
| Effect of adopting SSAP 9 (revised) | – | – | – | 12,143 | 12,143 |
| Dividends, as restated (i) | – | – | – | (94,333) | (94,333) |
| At 31st March, 2001, as restated | 112,332 | 53,930 | 192,571 | 320 | 359,153 |
| At 1st April, 2001, as previously reported | 112,332 | 53,930 | 192,571 | 630 | 359,463 |
| Effect of adopting SSAP 9 (revised) (Note 2b) | – | – | – | (310) | (310) |
| At 1st April, 2001, as restated | 112,332 | 53,930 | 192,571 | 320 | 359,153 |
| Premium on shares issued on exercise of share options | 3,548 | – | – | – | 3,548 |
| Premium on repurchase of shares | (10,505) | – | – | – | (10,505) |
| Transfer of reserves on repurchase of shares | – | 10,767 | (10,767) | – | – |
| Profit attributable to shareholders | – | – | – | 107,004 | 107,004 |
| Dividends | – | – | – | (106,523) | (106,523) |
| At 31st March, 2002 | 105,375 | 64,697 | 181,804 | 801 | 352,677 |

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*(Amounts expressed in Hong Kong dollars unless otherwise stated)*

## 23. RESERVES *(Cont'd)*

(i) This amount includes dividends declared or proposed in the financial year. Dividends declared or proposed after the balance sheet date are not recognised as a liability and accordingly are not included in this amount.

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

## 24. PENSION SCHEME

The Mandatory Provident Fund Scheme ("MPF") and a defined benefit scheme are provided to all employees eligible and employed by the Group in Hong Kong.

On 1st December, 2000, the Group arranged for its employees in Hong Kong to join the MPF, a defined contribution scheme managed by an independent trustee. Under the MPF, each of the Group and the eligible employees in Hong Kong make monthly mandatory contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The mandatory contributions by each party are subject to a maximum of $1,000 per month.

The Group's contribution to the defined benefit scheme is calculated on an actuarial basis. The benefit entitlement under the scheme is calculated based on the final salary of the staff and the length of service with the Group. The scheme was approved by the Government of HKSAR and continued after the implementation of MPF.

The pension schemes which cover the PRC employees are defined contribution schemes at various applicable rates of monthly salary that are in accordance with the local practice and regulations.

## 24. PENSION SCHEME *(Cont'd)*

The aggregate employer's contributions, net of forfeited contributions, amounted to:

| | **2002** | 2001 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Employer's contribution under the defined contribution schemes | **903** | 4,195 |
| Less: forfeited contributions utilised to offset employer's contribution to the defined contribution schemes | **–** | (745) |
| | **903** | 3,450 |
| Employer's contribution under the defined benefit scheme | **5,893** | 6,841 |
| Employer's contribution under the MPF | **27,234** | 8,738 |
| | **34,030** | 19,029 |

The contributions by the Group were charged to the income statement on an accrual basis.

The latest actuarial report on the defined benefit scheme was prepared by Ms. Kim Wong and Mr. Calvin Wu, Fellows of the Society of Actuaries, whose report dated 8th September, 2000 showed that the scheme was fully funded on a variation of the aggregate method. The market value of the scheme assets as at 31st March, 2000 was approximately $106,559,000, representing 123% of the fund's discontinuance liabilities at that date. The actuarial assumptions used included rate of return, salary escalation rate, withdrawal rates, mortality rates and rate of ill health.

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

### a. Lease commitments

The Group's total future minimum lease commitments under operating leases, were as follows:

| | 2002<br>$'000 | 2001<br>$'000 |
|---|---|---|
| Land and buildings | | |
| – Not later than one year | **258,992** | 238,857 |
| – Later than one year and not later than five years | **389,081** | 337,906 |
| – Later than five years | **9,571** | 16,945 |
| | **657,644** | 593,708 |

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rentals payable, if any, when turnover of individual restaurants exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

### b. Capital commitments

The Group had the following capital commitments which have not been provided in the consolidated financial statements:

| | 2002<br>$'000 | 2001<br>$'000 |
|---|---|---|
| Authorised and contracted for | **6,943** | 6,336 |
| Authorised but not contracted for | **122,843** | 149,934 |
| | **129,786** | 156,270 |

### c. Guarantees

As at 31st March, 2002, the Company had given guarantees totalling approximately $861,000,000 (2001 – $1,103,000,000) to financial institutions in connection with loans granted to its subsidiaries and jointly controlled entities.

## 26. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Analysis of changes in financing during the year is as follows:

| | 2002 | | |
|---|---|---|---|
| | **Share capital and share premium** | **Bank loans with maturity over three months** | **Total** |
| | *$'000* | *$'000* | *$'000* |
| At 1st April, 2000 | 181,024 | 187,814 | 368,838 |
| Net cash outflow from financing | (14,003) | 3,727 | (10,276) |
| At 1st April, 2001 | 167,021 | 191,541 | 358,562 |
| Net cash outflow from financing | (7,073) | (111,541) | (118,614) |
| At 31st March, 2002 | 159,948 | 80,000 | 239,948 |

## 27. COMPARATIVE FIGURES

The 2001 comparative figures presented incorporate the effect of adjustments resulting from the change in accounting policies for dividends proposed or declared after the balance sheet date and amortisation of trademarks (see Note 2b).