

香港飲食管理有限公司
Hong Kong Catering Management Limited



2002

Interim Report

For the six months ended 30th September 2002



The board of directors (the “Board”) of Hong Kong Catering Management Limited (the “Company”) is pleased to present to shareholders the unaudited interim report of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002.

RESULTS

Turnover reduced by 6.6% to HK\$503.3 million (2001: HK\$539.1 million) while the Group incurred losses of HK\$16.8 million for the six months ended 30 September 2002 as compared to profit of HK\$8.0 million last year.

INTERIM DIVIDEND

The directors do not recommend any interim dividend (2001: HK1.5 cents) for the six months ended 30 September 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospect

Restaurant operation

The Group reported losses for the first time as a result of one-off expenditure for closure of a restaurant and related impairment of goodwill associated with the initial acquisition of shops.

In August 2002, we failed to extend certain rent concession which was then being enjoyed by Hong Fook Restaurant at Kornhill Plaza. To leave the lease ran to expiry would impose undue financial hardship on us as it was entered at the peak of the property market. We eventually decided to surrender the premises back to the landlord. To provide for the lease termination, we have charged approximately HK\$10.2 million to the profit and loss account which comprised of compensation paid to landlord, write-off of the remaining book value of fixed assets and severance payments.

We shall also liquidate the associated company, Arges Limited (“Arges”) which was acquired as a joint-venture company with Grand Hotel Holdings Limited on a 50:50 ownership for the operation of four Chinese restaurants in our partner’s hotels. In line with the restructure plan of our joint-venture partner, we closed three restaurants during the period and the remaining one will be closed by end of the calendar year.

The acquisition goodwill associated with the aforesaid restaurant closure and the liquidation of Arges which were previously charged directly against reserve had to be transferred to the profit and loss account for the period in accordance with requirements of SSAP 30.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business review and prospect (Cont'd)

Restaurant operation (Cont'd)

Restaurant turnover dropped by over 10% as average spending per head shrank by 3% while the 2002 World Cup Soccer took a heavy toll of our headcounts. The closure of Rainbow Room since February 2002 has also pulled down our sales. In the past six months, we had trimmed out most of the loss-making Cantonese restaurants. Those remaining will undergo massive restructure whereby both our hardware and "software" must be enhanced to ensure we stay competitive. Accordingly we have made additional provision for long service payments which together with the actual payments during the period resulted in a total charge of approximately HK\$6.0 million in the accounts. We have set aside a capital budget of nearly HK\$30 million for the restructure which on completion should lift our image and cater for a broader customer base.

Bakery operation

Overall sales of our bakery operation fell by 1.5% as growth in the first quarter was offset by a drop in sales of 5.5% in the second quarter. Mooncake sales usually play a significant impact on the performance of the second quarter. As the sentiment felt was quite negative in the early stage of our sales campaign, we decided to offer more aggressive discounts at the onset so as to secure our market share while sacrificing gross margin to some extent. We intentionally halted our normal cake coupons sales promotion for nearly 10 months after the aborted "cake run" in March 2002 to allow a reasonable cooling period for consumers to rationalise. Our normal bakery business was inevitably affected as a high percentage of cake coupons are normally redeemed within the first year of their purchases. As competition has intensified in the consumer market, we have set aside a more generous budget for related marketing campaigns for re-enforcing a consistent level of consumer awareness of our brand name.

Our first "Saint Honore" retail outlet in PRC was opened at Guangzhou in July 2002 as a stepping stone to tap this huge, yet mystique market. Given the proximity of Guangdong Province, the "Saint Honore" brand was already commonly recognised among the local residents even before our landing. Sales have improved steadily since its opening and we are planning to open up two more outlets within the fiscal year.

Prospect

Hong Kong's economy is still deeply entrenched in the deflationary spiral. The heated price war waged among leading fast food operators in the last quarter of 2002 is likely to set off chain action within the catering industry casting shadows to our outlook. Nevertheless, our restructure should give us more leeway to confront our competitors in our quest for survival.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Liquidity and financial resources

As at 30 September 2002, the Group's freehold cash balance was HK\$187.1 million (31 March 2002: HK\$200.3 million) with zero gearing and our cash balance dropped by HK\$13.2 million. It was caused by suspended cake coupons sales of HK\$18.7 million compared to last year. We did it purposely so as to win back customers confidence in our cake coupons by improving financial transparency through the publishing of Saint Honore group's quarterly results. The cash outlay for paying the one-off expenditure for early lease termination also ate into our cash reserve but the cash position of the Group is still considered satisfactory as at the reporting date. Our planned restructure of our Chinese restaurants will involve a capital outlay of about HK\$31.2 million in the coming six months. As the projects will be financed internally, the Board recommends nil interim dividend this year.

Charges on group assets

As at 30 September 2002, HK\$2.5 million bank deposits were pledged to secure bank guarantees obtained in respect of rental and public utilities deposits.

Employees

As at 30 September 2002, the Group employed about 2,900 (2001: 3,000) employees. The Group offers competitive remuneration package and discretionary bonuses may be granted to the eligible employees based on the Group's and the individual's performance. The Group and its subsidiary, Saint Honore Holdings Limited ("SHHL"), also have share option schemes according to which directors of respective companies granted share options to the employees of respective companies and their subsidiaries to subscribe for shares of its own company.

Contingent liabilities

Certain ex-employees of the Group have lodged claims with the Labor Tribunal for outstanding wages from working on rest days during their employment term. The directors, having given due consideration of the rectification measures taken, are of the opinion that such claims would not have a material financial impact on the Group.

Exposure to fluctuations in exchange rates and related hedge

The Group's activities are primarily denominated in Hong Kong dollars. There is no significant exposure to foreign exchange fluctuations.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

Hong Kong Catering Management Limited

SHARE OPTIONS

The Company adopted a share option scheme and the details of the movements of share options granted under this scheme ("HKCM Share Options") during the period are as follows:

Participants	Grant date	Exercise period		Exercise price HK\$	Number of HKCM Share Options			
		From	To		As at 1 April 2002	Exercised during the period	Lapsed during the period	As at 30 September 2002
Directors								
Chan Ka Lai, Joseph	30 Aug. 2001	1 Oct. 2001	30 Sept. 2011	0.48	1,000,000	-	-	1,000,000
	30 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.48	1,000,000	-	-	1,000,000
	30 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.48	1,000,000	-	-	1,000,000
			Total		<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Chiu Wai	30 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.48	600,000	-	-	600,000
	30 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.48	600,000	-	-	600,000
			Total		<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
Ng Sai Hung	30 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.48	200,000	-	-	200,000
	30 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.48	200,000	-	-	200,000
			Total		<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Wong Tsui Yue, Lucy	30 Aug. 2001	1 Oct. 2001	30 Sept. 2011	0.48	700,000	-	-	700,000
	30 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.48	400,000	-	-	400,000
	30 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.48	280,000	-	-	280,000
			Total		<u>1,380,000</u>	<u>-</u>	<u>-</u>	<u>1,380,000</u>
Continuous contract employees	30 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.48	11,865,000	(225,000)	(925,000)	10,715,000
	30 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.48	11,865,000	-	(1,000,000)	10,865,000
			Total		<u>23,730,000</u>	<u>(225,000)</u>	<u>(1,925,000)</u>	<u>21,580,000</u>
			Grand total		<u>29,710,000</u>	<u>(225,000)</u>	<u>(1,925,000)</u>	<u>27,560,000</u>

Note: There were 225,000 HKCM Share Options exercised during the period. The weighted average closing price on the day before the options were exercised was HK\$0.64 per share.

Hong Kong Catering Management Limited

SHARE OPTIONS (Cont'd)

SHHL, a subsidiary of the Company, also adopted its own share option scheme. The details of the movements of SHHL's share options granted under its scheme ("SHHL Share Options") during the period are as follows:

Participants	Grant date	Exercise period		Exercise price HK\$	Number of SHHL Share Options		
		From	To		As at 1 April 2002	Lapsed during the period	As at 30 September 2002
Director							
Shum Wing Hon	15 Jan. 2001	1 May 2001	31 May 2010	0.50	1,000,000	-	1,000,000
	15 Jan. 2001	1 May 2002	31 May 2010	0.50	1,000,000	-	1,000,000
	31 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.55	300,000	-	300,000
	31 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.55	300,000	-	300,000
Total					<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>
Other directors of							
SHHL and continuous contract employees	15 Jan. 2001	1 May 2001	31 May 2010	0.50	4,970,000	(150,000)	4,820,000
	15 Jan. 2001	1 May 2002	31 May 2010	0.50	2,000,000	-	2,000,000
	31 Aug. 2001	1 Mar. 2002	30 Sept. 2011	0.55	4,855,000	(145,000)	4,710,000
	31 Aug. 2001	1 Sept. 2002	30 Sept. 2011	0.55	4,855,000	(145,000)	4,710,000
Total					<u>16,680,000</u>	<u>(440,000)</u>	<u>16,240,000</u>
Grand total					<u>19,280,000</u>	<u>(440,000)</u>	<u>18,840,000</u>

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 September 2002, the interests of the directors, chief executives and their associates in the shares of the Company and its associated corporations within the meaning of Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of company	Name of director	Note	Number of shares held	
			Personal interest	Other interest
The Company	Chan Wai Cheung, Glenn	(a)	–	113,742,609
	Chan King Catherine	(a)	–	113,742,609
	Chan Ka Lai, Joseph		728,000	–
	Chiu Wai		112,000	–
SHHL	Chan Wai Cheung, Glenn	(a)	–	28,435,652
		(b)	–	118,028,098
	Chan King Catherine	(a)	–	28,435,652
		(b)	–	118,028,098
	Chan Ka Lai, Joseph		182,000	–
	Chiu Wai		28,000	–

Note

- (a) These shares are directly held by Well-Positioned Corporation ("Well"), a company beneficially owned by a trust established for the benefit of the family members of Mr. Chan Wai Cheung, Glenn and Mrs. Chan King Catherine.
- (b) Well also holds indirect interests in SHHL as 118,028,098 shares of SHHL are held by the Company through its wholly owned subsidiary, Albion Agents Limited.

Saved as disclosed above, the Company has not received notice of any interests to be recorded under section 29 of the SDI Ordinance as at 30 September 2002 and at no time during the period was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable any of the Company's directors and chief executives (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that other than those of the directors and chief executives as disclosed above, the Company had not been notified of any substantial shareholders' interests being 10% or more of the Company's issued share capital.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors is aware of any information which would reasonably indicate that the Company is not, or was not, for any part of the accounting period, in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Hong Kong Catering Management Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited Six months ended 30 September	
		2002 HK\$'000	2001 HK\$'000
Turnover	2	503,265	539,144
Other revenues	3	2,206	4,061
Cost of inventories consumed		(147,098)	(157,079)
Staff costs		(171,750)	(186,562)
Operating lease rentals		(53,766)	(59,157)
Depreciation of fixed assets		(26,151)	(25,374)
Other operating expenses		(93,736)	(94,314)
Amortisation of intangible assets		(2,322)	(2,304)
One-off expenses incurred on restaurant closure	4	(10,195)	–
Impairment of goodwill		(10,067)	–
Operating (loss)/profit	4	(9,614)	18,415
Share of net losses of associated companies		(209)	(411)
(Loss)/profit before taxation		(9,823)	18,004
Taxation	5	(3,148)	(4,904)
(Loss)/profit after taxation		(12,971)	13,100
Minority interests		(3,780)	(5,113)
(Loss)/profit attributable to shareholders		(16,751)	7,987
Dividend – interim	6	–	4,692
(Loss)/earnings per share	7		
– Basic		(5.4 cents)	2.6 cents
– Diluted		N/A	2.5 cents

Hong Kong Catering Management Limited

CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		30 September	31 March
		2002	2002
	Note	HK\$'000	HK\$'000
Intangible assets	8	39,273	41,595
Fixed assets	9	366,548	377,532
Investments		10,962	11,313
Rental deposits paid		26,185	27,168
Current assets			
Inventories		16,128	15,204
Amount due from an associated company		501	920
Trade receivables	10	7,227	5,407
Deposits, prepayments and other receivables		16,747	17,120
Taxation recoverable		20	1,234
Pledged bank deposits		2,500	3,713
Bank balances and cash		187,124	200,281
		230,247	243,879
Current liabilities			
Trade payables, other payables and accrued charges	11	111,298	108,522
Provision for long service payments – current portion		7,840	611
Taxation payable		4,688	3,062
Cake coupon liabilities – current portion		39,288	45,010
		163,114	157,205
Net current assets		67,133	86,674
Total assets less current liabilities		510,101	544,282
Financed by:			
Share capital	12	31,303	31,280
Reserves		322,763	329,312
Dividend reserve		–	10,948
Shareholders' funds		354,066	371,540
Minority interests		61,650	62,258
Cake coupons liabilities			
– non-current portion		79,069	90,159
Rental deposits received		374	390
Provision for long service payments			
– non-current portion		13,464	18,370
Deferred taxation		1,478	1,565
		510,101	544,282

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 September	
	(Restated)	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	19,357	65,829
Net cash outflow from investing activities	(18,549)	(14,674)
Net cash outflow from financing activities	(13,965)	(17,576)
(Decrease)/increase in cash and cash equivalents	(13,157)	33,579
Cash and cash equivalents at 1 April	<u>200,281</u>	<u>149,302</u>
Cash and cash equivalents at 30 September	<u>187,124</u>	<u>182,881</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	189,624	186,591
Bank deposits pledged	<u>(2,500)</u>	<u>(3,710)</u>
	<u>187,124</u>	<u>182,881</u>

Hong Kong Catering Management Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002	31,280	119,139	69	210,104	10,948	371,540
Write-back of unclaimed dividend	-	-	-	49	-	49
Write-back of goodwill for impairment losses	-	-	-	10,067	-	10,067
Net gains not recognised in the profit and loss account	-	-	-	10,116	-	10,116
Loss for the period	-	-	-	(16,751)	-	(16,751)
Dividend paid	-	-	-	-	(10,948)	(10,948)
Issue of shares	23	86	-	-	-	109
At 30 September 2002	31,303	119,225	69	203,469	-	354,066
At 1 April 2001, as previously reported	31,280	119,139	69	224,789	-	375,277
Changes in accounting policy:						
Effect of adopting SSAP 9 (revised)	-	-	-	-	12,512	12,512
Effect of adopting SSAP 29	-	-	-	(18,865)	-	(18,865)
At 1 April 2001, restated	31,280	119,139	69	205,924	12,512	368,924
Profit for the period	-	-	-	7,987	-	7,987
Dividend paid	-	-	-	-	(12,512)	(12,512)
Dividend proposed	-	-	-	(4,692)	4,692	-
At 30 September 2001	31,280	119,139	69	209,219	4,692	364,399

NOTES TO THE ACCOUNTS

1. Basis of preparation and accounting policies

The interim accounts have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee. They are prepared in accordance with SSAP 25, "Interim financial reporting" issued by the Hong Kong Society of Accountants and Appendix 16 of the Listing Rules. They should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2002 except for the adoption of the following revised and new SSAPs which are effective for accounting periods commencing on or after 1 January 2002.

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The significant changes in the Group's accounting policies resulting from the adoption of these new practices are set out below:

(a) *SSAP 1 (revised): Presentation of financial statements*

The consolidated statement of recognised gains and losses is replaced by the consolidated statement of changes in equity.

(b) *SSAP 15 (revised): Cash flow statements*

The presentation and classification of items in the cash flow statement have been changed due to the adoption of SSAP 15 (revised). As a result, cash flow during the period has been reclassified by operating, investing and financing activities. For the six months ended 30 September 2002, net cash outflow from taxation paid of HK\$0.3 million (2001: HK\$0.2 million) has been reclassified as operating cash flow. Dividend and interest received of HK\$1.1 million (2001: HK\$2.5 million) have been reclassified as investing cash flow. Dividend paid of HK\$10.9 million (2001: HK\$12.5 million) have been reclassified as financing cash flow.

Hong Kong Catering Management Limited

2. Turnover and segmental information

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Unaudited			Unaudited		
	Six months ended 30 September 2002	Six months ended 30 September 2001	Group	Six months ended 30 September 2002	Six months ended 30 September 2001	Group
	Restaurant	Bakery	Group	Restaurant	Bakery	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	255,058	251,196	506,254	286,215	255,071	541,286
Inter-segment sales	-	(2,989)	(2,989)	-	(2,142)	(2,142)
Segment turnover	<u>255,058</u>	<u>248,207</u>	<u>503,265</u>	<u>286,215</u>	<u>252,929</u>	<u>539,144</u>
Segment results	<u>(19,903)</u>	<u>9,439</u>	<u>(10,464)</u>	<u>3,952</u>	<u>13,513</u>	<u>17,465</u>
Unallocated revenue			850			950
Operating (loss)/profit			(9,614)			18,415
Share of net losses of associated companies	(209)		(209)	(411)		(411)
(Loss)/profit before taxation			(9,823)			18,004
Taxation			(3,148)			(4,904)
(Loss)/profit after taxation			(12,971)			13,100
Minority interests			(3,780)			(5,113)
(Loss)/profit attributable to shareholders			<u>(16,751)</u>			<u>7,987</u>
Segment assets	335,455	308,564	644,019	344,854	336,341	681,195
Investments in associated companies	5,965	-	5,965	12,386	-	12,386
Unallocated assets			23,231			26,415
Total assets			<u>673,215</u>			<u>719,996</u>
Segment liabilities	72,505	178,828	251,333	80,797	210,408	291,205
Unallocated liabilities			6,166			4,715
Total liabilities			<u>257,499</u>			<u>295,920</u>
Capital expenditure	3,520	16,687	20,207	3,083	14,108	17,191
Depreciation	12,178	13,973	26,151	13,136	12,238	25,374
Amortisation charge	22	2,300	2,322	4	2,300	2,304

Hong Kong Catering Management Limited

2. Turnover and segmental information (Cont'd)

The geographical analysis of the Group's turnover for the period are as follows:

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Hong Kong and Macau	495,949	530,520
PRC	3,622	2,717
Other countries	3,694	5,907
	<u>503,265</u>	<u>539,144</u>

No geographical analysis in respect of consolidated operating profit is provided as less than 10% of the consolidated operating profit of the Group is attributable to markets outside Hong Kong.

3. Other revenues

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interest income	1,057	2,507
Rental income from investment properties	850	950
Management fee income	299	604
	<u>2,206</u>	<u>4,061</u>

Hong Kong Catering Management Limited

4. Operating (loss)/profit

	Unaudited Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Operating (loss)/profit is stated after charging/ (crediting) the following:		
Loss on disposal of fixed assets	147	283
One-off expenses incurred on restaurant closure		
Write-off of fixed assets	4,292	–
Compensation for early termination of lease	4,292	–
Severance pay and other termination wages	1,611	–
	10,195	–
Provision for diminution in value of other properties	–	425
Provision for/(reversal of) long service payments included in staff costs	5,963	(347)
Retirement benefit costs included in staff costs	6,840	7,178
Write-off of setup cost for Singapore joint venture	–	744

5. Taxation

	Unaudited Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	2,087	3,844
Overseas taxation	1,006	825
Deferred taxation	(87)	155
	3,006	4,824
Share of taxation attributable to associated companies	142	80
	3,148	4,904

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. The Group has not recognised deferred taxation assets in respect of excess of depreciation over tax allowances and tax losses which amounted to approximately HK\$6,550,000 (2001: HK\$3,500,000) as of the reporting date.

Hong Kong Catering Management Limited

6. Dividend

The directors do not propose any interim dividend in respect of the period (2001: HK1.5 cents per ordinary share).

7. (Loss)/earnings per share

	Unaudited Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
(Loss)/ earnings		
(Loss)/earnings for the purpose of the calculation of basic (loss)/earnings per share	(16,751)	7,987
Adjustment to the share of results of a subsidiary based on the dilution of this subsidiary's earnings per share	<u>N/A</u>	<u>(106)</u>
Earnings for the purpose of the calculation of diluted earnings per share	<u>N/A</u>	<u>7,881</u>
Number of shares	2002	2001
Weighted average number of ordinary shares for the purpose of the calculation of basic (loss)/earnings per share	313,028,609	312,803,609
Effect of dilutive potential ordinary shares	<u>N/A</u>	<u>1,456,195</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>N/A</u>	<u>314,259,804</u>

Diluted loss per share amount for the period ended 30 September 2002 has not been disclosed as the share options outstanding during this period had an anti-dilutive effect on the basic loss per share for this period.

8. Intangible assets

	Goodwill	Unaudited Trademarks	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value, 1 April 2002	195	41,400	41,595
Amortisation charge	<u>(22)</u>	<u>(2,300)</u>	<u>(2,322)</u>
Net book value, 30 September 2002	<u>173</u>	<u>39,100</u>	<u>39,273</u>
Cost	221	92,000	92,221
Accumulated amortisation	<u>(48)</u>	<u>(52,900)</u>	<u>(52,948)</u>
Net book value, 30 September 2002	<u>173</u>	<u>39,100</u>	<u>39,273</u>
Cost	221	92,000	92,221
Accumulated amortisation	<u>(26)</u>	<u>(50,600)</u>	<u>(50,626)</u>
Net book value, 31 March 2002	<u>195</u>	<u>41,400</u>	<u>41,595</u>

Hong Kong Catering Management Limited

9. Fixed assets

	Unaudited HK\$'000
Net book value	
At 1 April 2002	377,532
Additions	20,207
Disposals	(5,040)
Depreciation	(26,151)
	<hr/>
At 30 September 2002	366,548

During the period, the pledge of fixed assets as security for the Group's bank facilities had been released (at 31 March 2002: HK\$10,524,010).

10. Trade receivables

Details of the ageing analysis are as follows:

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Current to 30 days	6,527	3,949
31 to 60 days	583	1,286
Over 60 days	117	172
	<hr/>	<hr/>
	7,227	5,407

The majority of the Group's sales are conducted by cash, credit cards or through redemption of cake coupons. Credit sales are made mainly to 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.

11. Trade payables, other payables and accrued charges

(a)

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Trade payables	28,875	30,708
Other payables and accrued charges	82,423	77,814
	<hr/>	<hr/>
	111,298	108,522

Hong Kong Catering Management Limited

11. Trade payables, other payables and accrued charges (Cont'd)

(b) Details of the ageing analysis of the trade payables are as follows:

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Current to 30 days	7,510	7,950
31 to 60 days	20,697	20,966
Over 60 days	668	1,792
	<u>28,875</u>	<u>30,708</u>

12. Share capital

	Number of ordinary shares	Amount HK\$'000
Authorised	<u>400,000,000</u>	<u>40,000</u>
Issued and fully paid		
At 1 April 2002	312,803,609	31,280
Issue of shares upon exercise of share options	225,000	23
At 30 September 2002	<u>313,028,609</u>	<u>31,303</u>

13. Commitments

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
(a) Capital commitments for property, plant and equipment		
Contracted but not provided for	1,587	676
Approved but not contracted for	29,601	16,804
	<u>31,188</u>	<u>17,480</u>
(b) Commitments under operating leases for land and buildings		
Within one year	84,091	96,810
In the second to fifth year inclusive	95,794	91,293
After the fifth year	2,952	2,462
	<u>182,837</u>	<u>190,565</u>

On behalf of the Board
Chan Wai Cheung, Glenn
Chairman and Managing Director

Hong Kong, 5 December 2002