



NOTES TO THE ACCOUNTS

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"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, 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 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 34 (revised)	:	Employee benefits

The adoption of the above standards had no material effect on amounts reported in prior year, except that certain presentational changes have been made upon the adoption of SSAP 1 (revised) "Presentation of financial statements" and SSAP 15 (revised) "Cash flow statements".

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities in which the Company controls the composition of the board of directors, controls more than half of 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.

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



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Group accounting *(continued)*

(i) Consolidation *(continued)*

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.

(ii) 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.

(iii) 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 sheets 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 account is translated at an average rate. Exchange differences are dealt with as movements in reserves.

(b) 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 1 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 1 April 2001 was written off against reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 such that 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.



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Intangible assets *(continued)*

(i) Goodwill *(continued)*

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 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

Expenditures on acquired trademarks are capitalised at cost and amortised using the straight-line method over their useful lives of not more than 20 years.

(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. Such impairment losses are recognised in the profit and loss account.

(c) 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 results. Any subsequent increases are credited to operating results up to the amount previously debited.

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.

(d) Fixed assets

(i) Other properties

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



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) **Fixed assets** *(continued)*

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

(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 on other tangible fixed assets is calculated to write off their costs less accumulated impairment losses over their expected useful lives to the Group on a straight-line basis. The annual rates used for this purpose range from 10% to 25%.

(v) *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.

(vi) *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.

(e) **Assets under operating leases**

Leases where substantially all the risks and rewards 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 over the lease periods on a straight-line basis.



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(f) Other investments

Other investments represent club debentures, which are stated at cost less accumulated impairment losses.

(g) Inventories

Inventories comprise raw materials, packing materials, work-in-progress and finished goods, and 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.

(h) 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.

(i) 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 maturity of three months or less from the date of investment.

(j) 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.

(k) Cake coupons liabilities

Cake coupons are recorded as liabilities when sold. Cake 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 cake 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) 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.



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(m) 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 is recognised on an accrual basis over the lease period. Restaurant management and administrative fees are recognised when services are rendered.

(n) Employee benefits

(i) *Employee leave entitlements*

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group operates the following principal defined contribution pension schemes:

Mandatory Provident Fund Schemes ("MPF Schemes")

Contributions to the MPF Schemes by the Group are calculated as a percentage of employees' basic salaries but subject to a cap in accordance with the statutory requirements except for some managerial staff. The Group's contributions are charged to the profit and loss account when incurred.

Schemes established under Occupational Retirement Scheme Ordinance ("ORSO Scheme")

The Group has discontinued all contributions to the ORSO Schemes when it joined the MPF Scheme. For those group companies which 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. The contributions forfeited by those employees who leave the scheme prior to vesting fully in the contribution are credited to the profit and loss account when refunded.

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



NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(n) Employee benefits *(continued)*

(iii) Equity compensation benefits

Share options are granted to executive directors and to full-time employees at the discretion of directors. No employee benefit cost is recognised when options are granted. When the options are exercised, the proceeds received are credited to share capital and share premium.

(o) 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 segments as the secondary reporting format.

Unallocated revenue represents rental income from investment properties and unallocated expenses mainly represent deficit on revaluation of properties. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash and exclude items such as investments, 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.

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

(p) 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.



NOTES TO THE ACCOUNTS

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. Revenues recognised during the year are as follows:

	Group	
	2003	2002
	HK\$	HK\$
Turnover		
Restaurant operation	465,256,215	567,756,406
Bakery operation	488,482,773	472,162,492
	953,738,988	1,039,918,898
Other revenues		
Interest income	2,640,494	3,785,910
Rental income from investment properties	1,699,303	1,865,614
Restaurant management and administrative fees	374,591	1,268,525
	4,714,388	6,920,049
Total revenues	958,453,376	1,046,838,947

Primary reporting format – business segments

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 are undertaken by Saint Honore Holdings Limited (“SHHL”) and its subsidiaries (“SHHL Group”)

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

Secondary reporting format – geographical segments

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 markets outside Hong Kong.



NOTES TO THE ACCOUNTS

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(continued)*

	2003			2002		
	Restaurant HK\$	Bakery HK\$	Group HK\$	Restaurant HK\$	Bakery HK\$	Group HK\$
Turnover	465,256,215	494,492,281	959,748,496	567,756,406	476,188,594	1,043,945,000
Inter-segment sales	-	(6,009,508)	(6,009,508)	-	(4,026,102)	(4,026,102)
Segment turnover	<u>465,256,215</u>	<u>488,482,773</u>	<u>953,738,988</u>	<u>567,756,406</u>	<u>472,162,492</u>	<u>1,039,918,898</u>
Segment results	<u>(30,662,835)</u>	<u>29,075,960</u>	<u>(1,586,875)</u>	<u>14,747,544</u>	<u>23,543,389</u>	<u>38,290,933</u>
Unallocated revenue			1,699,303			1,865,614
Unallocated expenses			(41,305,970)			(2,530,000)
Operating (loss)/profit			(41,193,542)			37,626,547
Share of net losses of associated companies	(782,568)	-	(782,568)	(290,068)	-	(290,068)
(Loss)/profit before taxation			(41,976,110)			37,336,479
Taxation			(7,319,936)			(7,867,748)
(Loss)/profit after taxation			(49,296,046)			29,468,731
Minority interests			(8,924,509)			(9,648,630)
(Loss)/profit attributable to shareholders			<u>(58,220,555)</u>			<u>19,820,101</u>
Segment assets	279,156,999	328,205,822	607,362,821	348,646,296	322,080,026	670,726,322
Investments in associated companies	3,488,949	-	3,488,949	6,316,257	-	6,316,257
Unallocated assets			17,533,178			24,445,002
Total assets			<u>628,384,948</u>			<u>701,487,581</u>
Segment liabilities	60,337,427	184,408,008	244,745,435	69,438,212	193,623,887	263,062,099
Unallocated liabilities			5,812,526			4,628,054
Total liabilities			<u>250,557,961</u>			<u>267,690,153</u>
Capital expenditure	21,244,750	28,432,208	49,676,958	9,477,741	27,299,949	36,777,690
Depreciation	22,287,654	28,623,126	50,910,780	26,016,017	25,643,550	51,659,567
Amortisation charge	195,466	4,600,000	4,795,466	25,816	4,600,000	4,625,816
Impairment and revaluation deficit of properties	36,720,000	4,585,970	41,305,970	2,530,000	-	2,530,000
Impairment loss of goodwill	10,067,315	-	10,067,315	-	-	-



NOTES TO THE ACCOUNTS

4. OPERATING (LOSS)/PROFIT

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

	Group	
	2003 HK\$	2002 HK\$
Auditors' remuneration	1,400,738	1,565,281
Impairment and revaluation deficit of properties		
Deficit on revaluation of investment properties	7,405,970	2,530,000
Impairment losses of other properties	33,900,000	–
	41,305,970	2,530,000
Loss on disposal of fixed assets	3,049,938	2,245,175
Net exchange losses	494,955	294,039
One-off expenses incurred on restaurant closures		
Compensation for early termination of lease	4,292,000	–
Additional accrual for long service payments (<i>note 20</i>)	1,472,000	–
Severance payment and other termination wages	2,138,535	–
Write off of fixed assets	9,814,551	–
	17,717,086	–

5. TAXATION

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

	Group	
	2003 HK\$	2002 HK\$
Hong Kong profits tax	7,330,730	6,123,188
Overseas taxation	639,601	684,406
Overprovision in prior years	(630,193)	(233,801)
Deferred taxation (<i>note 24</i>)	(214,942)	1,072,681
	7,125,196	7,646,474
Share of taxation attributable to associated companies	194,740	221,274
	7,319,936	7,867,748

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.



NOTES TO THE ACCOUNTS

6. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$67,383,797 (2002: profit of HK\$15,880,456).

7. DIVIDENDS

	Group	
	2003	2002
	HK\$	HK\$
Write-back of unclaimed dividend	(49,465)	–
Interim, paid, of nil (2002: HK1.5 cents) per ordinary share	–	4,692,054
Final, proposed, of HK1.5 cents (2002: HK3.5 cents) per ordinary share	4,695,429	10,948,126
	4,645,964	15,640,180

At a meeting held on 10 July 2003 the directors declared a final dividend of HK1.5 cents per ordinary share for the year ended 31 March 2003. This proposed dividend is not reflected as a dividend payable in these accounts. It is reflected as an appropriation of retained earnings and is presented as a dividend reserve in the balance sheet.

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2003	2002
	HK\$	HK\$
(Loss)/earnings		
(Loss)/earnings for the purpose of the calculation of basic (loss)/earnings per share	(58,220,555)	19,820,101
Adjustment to the share of results of a subsidiary based on the dilution of the subsidiary's earnings per share	N/A	(236,157)
Earnings for the purpose of the calculation of diluted earnings per share	N/A	19,583,944
	2003	2002
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic (loss)/earnings per share	312,970,253	312,803,609
Effect of dilutive potential ordinary shares	N/A	3,966,755
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	N/A	316,770,364

Diluted loss per share for the year ended 31 March 2003 has not been disclosed as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for this year.



NOTES TO THE ACCOUNTS

9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Group	
	2003 HK\$	2002 HK\$
Wages and salaries including directors' fees	284,985,210	324,544,222
Termination benefits	2,641,991	250,059
Unused annual leave	1,512,611	8,507,339
Retirement benefit costs – defined contribution scheme (note 10)	13,662,684	14,819,609
Provision for/(reversal of) long service payments (note 20)	2,631,405	(272,161)
Other staff costs	13,720,056	13,974,312
	<u>319,153,957</u>	<u>361,823,380</u>

10. RETIREMENT BENEFIT COSTS

The Group participates in mandatory provident fund schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes"). 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 ("Mandatory Contributions") 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. The Group's contributions in excess of the Mandatory Contributions are voluntary contributions which are subject to a vesting scale.

Since 1 December 2000, the Group had discontinued all contributions to the schemes established under Occupational Retirement Schemes Ordinance ("ORSO Schemes") when it joined the MPF Schemes. For those group companies which 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 employment.

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\$211,889 (2002: HK\$290,067). The aggregate amount of unvested benefits refunded to the Group was HK\$135,322 (2002: HK\$465,562). At 31 March 2003, the aggregate amount of unvested benefits not yet refunded was HK\$81,960 (2002: HK\$5,393).



NOTES TO THE ACCOUNTS

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

	2003	2002
	HK\$	HK\$
Directors' fees	457,500	390,000
Other emoluments:		
Basic salaries and benefits in kind	7,449,115	7,787,981
Performance related bonuses	930,000	1,442,940
Pension contributions	199,338	201,120
	9,035,953	9,822,041

For both years, all of the above were paid to executive directors except for directors' fees amounting to HK\$187,500 (2002: HK\$120,000) which were paid to four (2002: four) non-executive directors.

The emoluments of the directors fell within the following bands:

Emoluments bands	Number of directors	
	2003	2002
Nil – HK\$1,000,000	9	9
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	–
HK\$4,000,001 – HK\$4,500,000	–	1
	11	11

No directors have waived emoluments in respect of the two years ended 31 March 2003 and 2002. No options were granted to nor exercised by the directors during the year.



NOTES TO THE ACCOUNTS

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The aggregate amounts of emoluments payable to the five highest paid individuals of the Group during the year, of whom four (2002: four) are directors of the Company, were as follows:

	2003 HK\$	2002 HK\$
Directors' fees	150,000	150,000
Basic salaries and benefits in kind	7,630,015	7,949,044
Performance related bonuses	860,000	1,312,100
Pension contributions	205,983	209,520
	8,845,998	9,620,664

The emoluments of the five highest paid individuals fell within the following bands:

Emoluments bands	Number of individuals	
	2003	2002
HK\$500,001 – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	2
HK\$3,500,001 – HK\$4,000,000	1	–
HK\$4,000,001 – HK\$4,500,000	–	1
	5	5



NOTES TO THE ACCOUNTS

12. INTANGIBLE ASSETS

	Goodwill	Group Trademarks	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 1 April 2002	195,466	41,400,000	41,595,466
Amortisation charge	(195,466)	(4,600,000)	(4,795,466)
At 31 March 2003	–	36,800,000	36,800,000
Cost	221,282	92,000,000	92,221,282
Accumulated amortisation	(221,282)	(55,200,000)	(55,421,282)
Net book value, 31 March 2003	–	36,800,000	36,800,000
Cost	221,282	92,000,000	92,221,282
Accumulated amortisation	(25,816)	(50,600,000)	(50,625,816)
Net book value, 31 March 2002	195,466	41,400,000	41,595,466

At 31 March 2003, the remaining amortisation period of trademarks was 8 years.

Goodwill on acquisition occurring prior to 1 April 2001 was written off against reserve. The movement of such goodwill during the year was as follows:

	Group	
	2003	2002
	<i>HK\$</i>	<i>HK\$</i>
At 1 April 2002/2001	47,885,404	47,885,404
Impairment loss	(10,067,315)	–
At 31 March 2003/2002	37,818,089	47,885,404



NOTES TO THE ACCOUNTS

13. FIXED ASSETS

(a) Group

	Investment properties <i>HK\$</i>	Other properties <i>HK\$</i>	Leasehold improve- ments <i>HK\$</i>	Air- conditioning plant <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost or valuation							
At 1 April 2002	23,211,088	264,401,616	169,994,156	39,567,843	198,197,876	14,861,429	710,234,008
Additions	-	-	26,218,539	3,496,475	17,696,150	2,265,794	49,676,958
Disposals	-	-	(38,910,849)	(14,168,575)	(32,503,880)	(969,541)	(86,552,845)
Revaluation adjustment	(7,405,970)	-	-	-	-	-	(7,405,970)
At 31 March 2003	<u>15,805,118</u>	<u>264,401,616</u>	<u>157,301,846</u>	<u>28,895,743</u>	<u>183,390,146</u>	<u>16,157,682</u>	<u>665,952,151</u>
Accumulated depreciation and impairment							
At 1 April 2002	-	30,541,835	128,192,451	29,414,521	135,766,956	8,786,274	332,702,037
Charge for the year	-	5,226,503	20,524,819	4,316,594	18,954,687	1,888,177	50,910,780
Disposals	-	-	(33,004,114)	(11,831,332)	(27,229,927)	(969,541)	(73,034,914)
Impairment charge	-	33,900,000	-	-	-	-	33,900,000
At 31 March 2003	<u>-</u>	<u>69,668,338</u>	<u>115,713,156</u>	<u>21,899,783</u>	<u>127,491,716</u>	<u>9,704,910</u>	<u>344,477,903</u>
Net book value							
At 31 March 2003	<u>15,805,118</u>	<u>194,733,278</u>	<u>41,588,690</u>	<u>6,995,960</u>	<u>55,898,430</u>	<u>6,452,772</u>	<u>321,474,248</u>
At 31 March 2002	<u>23,211,088</u>	<u>233,859,781</u>	<u>41,801,705</u>	<u>10,153,322</u>	<u>62,430,920</u>	<u>6,075,155</u>	<u>377,531,971</u>
The analysis of the cost or valuation of the above assets is as follows:							
At cost	-	264,401,616	157,301,846	28,895,743	183,390,146	16,157,682	650,147,033
At professional valuation, 2003	<u>15,805,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,805,118</u>
At 31 March 2003	<u>15,805,118</u>	<u>264,401,616</u>	<u>157,301,846</u>	<u>28,895,743</u>	<u>183,390,146</u>	<u>16,157,682</u>	<u>665,952,151</u>
At cost	-	264,401,616	169,994,156	39,567,843	198,197,876	14,861,429	687,022,920
At professional valuation, 2002	<u>23,211,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,211,088</u>
At 31 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>



NOTES TO THE ACCOUNTS

13. FIXED ASSETS *(continued)*

(a) Group *(continued)*

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

	2003	2002
	HK\$	HK\$
In Hong Kong, held on:		
Leases of over 50 years	18,520,833	23,306,803
Leases of between 10 to 50 years	160,416,570	201,410,220
Outside Hong Kong, held on:		
Leases of over 50 years	20,097,709	20,586,228
Leases of between 10 to 50 years	11,503,284	11,767,618
	<u>210,538,396</u>	<u>257,070,869</u>

At 31 March 2003, investment property amounting to HK\$10,500,000 held by SHHL Group was 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.

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



NOTES TO THE ACCOUNTS

13. FIXED ASSETS *(continued)*

(b) Company

	Other properties <i>HK\$</i>	Leasehold improve- ments <i>HK\$</i>	Air- conditioning plant <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost						
At 1 April 2002	1,665,685	27,554,935	11,508,878	32,441,338	5,191,711	78,362,547
Additions	–	2,336,965	673,460	1,998,447	–	5,008,872
Disposals	–	(13,904,673)	(5,077,329)	(10,197,590)	–	(29,179,592)
At 31 March 2003	<u>1,665,685</u>	<u>15,987,227</u>	<u>7,105,009</u>	<u>24,242,195</u>	<u>5,191,711</u>	<u>54,191,827</u>
Accumulated depreciation						
At 1 April 2002	273,784	21,327,672	8,379,056	23,061,306	2,234,136	55,275,954
Charge for the year	33,312	2,399,452	1,271,934	3,089,295	734,052	7,528,045
Disposals	–	(10,965,323)	(3,816,894)	(8,079,073)	–	(22,861,290)
At 31 March 2003	<u>307,096</u>	<u>12,761,801</u>	<u>5,834,096</u>	<u>18,071,528</u>	<u>2,968,188</u>	<u>39,942,709</u>
Net book value						
At 31 March 2003	<u>1,358,589</u>	<u>3,225,426</u>	<u>1,270,913</u>	<u>6,170,667</u>	<u>2,223,523</u>	<u>14,249,118</u>
At 31 March 2002	<u>1,391,901</u>	<u>6,227,263</u>	<u>3,129,822</u>	<u>9,380,032</u>	<u>2,957,575</u>	<u>23,086,593</u>

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



NOTES TO THE ACCOUNTS

14. INVESTMENTS

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Subsidiaries (note a)	–	–	244,081,962	301,267,241
Associated companies (note b)	3,488,949	6,316,257	–	8,564,831
Club debentures, at cost	4,996,880	4,996,880	4,996,880	4,996,880
	8,485,829	11,313,137	249,078,842	314,828,952

(a) Subsidiaries

	Company	
	2003 HK\$	2002 HK\$
Unlisted shares, at cost	177,226,623	177,226,623
Loans to subsidiaries	114,060,482	124,040,618
	291,287,105	301,267,241
Provision for impairment losses	(47,205,143)	–
	244,081,962	301,267,241

The balances are unsecured and have no fixed terms of repayment. Loan interests are charged at agreed interest rates on a total balance of HK\$114,056,582 and the remaining balances are interest-free. The details of subsidiaries are set out in note 30.

(b) Associated companies

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Unlisted shares, at cost	N/A	N/A	12,564,831	12,564,831
Provision for impairment losses	N/A	N/A	(12,564,831)	(4,000,000)
Share of net assets other than goodwill	3,488,949	6,316,257	N/A	N/A
	3,488,949	6,316,257	–	8,564,831

The details of associated companies are set out in note 30.



NOTES TO THE ACCOUNTS

15. INVENTORIES

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Raw materials	10,854,016	12,586,668	1,543,691	1,910,198
Packing materials	3,411,707	1,970,469	-	-
Work in progress	347,848	228,376	-	-
Finished goods	560,992	418,160	-	-
	15,174,563	15,203,673	1,543,691	1,910,198

At 31 March 2003, all inventories were stated at cost.

16. AMOUNTS DUE FROM/TO SUBSIDIARIES

The balances are unsecured and have no fixed terms of repayment. Intercompany interests are charged at agreed interest rates on the net amount due from subsidiaries totalled HK\$1,709,556 and the remaining 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 31 March 2003, the ageing analysis of the trade receivables was as follows:

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Current to 30 days	2,103,666	3,949,213	156,920	1,091,775
31 to 60 days	487,724	1,285,496	8,680	14,384
Over 60 days	137,163	171,803	-	-
	2,728,553	5,406,512	165,600	1,106,159

The majority of the Group's sales are conducted by cash, credit cards or through redemption of cake coupons. Credit sales are mainly made 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. Overseas corporate customers are required to pay a deposit in the amount of 20% to 30% of their estimated purchase values.



NOTES TO THE ACCOUNTS

19. TRADE PAYABLES

At 31 March 2003, the ageing analysis of the trade payables was as follows:

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Current to 30 days	5,108,702	7,949,696	–	–
31 to 60 days	19,533,703	20,966,560	16,326,504	19,094,436
Over 60 days	1,420,734	1,792,110	1,252,877	1,769,818
	<u>26,063,139</u>	<u>30,708,366</u>	<u>17,579,381</u>	<u>20,864,254</u>

20. PROVISION FOR LONG SERVICE PAYMENTS

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

	Group HK\$	Company HK\$
At 1 April 2002	18,981,000	5,317,000
Additional accrual for restaurant closure (<i>note 4</i>)	1,472,000	1,472,000
Provision/(reversal) for the year (<i>Note 9</i>)	2,631,405	(1,135,513)
Less: Amounts utilised	<u>(6,545,575)</u>	<u>(1,447,153)</u>
At 31 March 2003	16,538,830	4,206,334
Less: current portion	<u>(1,472,000)</u>	<u>(1,472,000)</u>
Non-current portion	<u>15,066,830</u>	<u>2,734,334</u>

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' entitlements under the Group's retirement schemes.



NOTES TO THE ACCOUNTS

21. SHARE CAPITAL

	2003 <i>HK\$</i>	2002 <i>HK\$</i>
Authorised		
400,000,000 ordinary shares of HK\$0.10 each	40,000,000	40,000,000
Issued and fully paid		
313,028,609 (2002: 312,803,609) ordinary shares of HK\$0.10 each	31,302,861	31,280,361

The movements in the share capital during the year are as follows:

	Number of shares	
	2003	2002
Ordinary shares of HK\$0.10 each		
At 1 April 2002/2001	312,803,609	312,803,609
Issue of shares upon exercise of share options	225,000	–
At 31 March 2003/2002	313,028,609	312,803,609

22. SHARE OPTIONS

A share option scheme was adopted by the Company on 13 March 2000 (“HKCM Scheme”) which is effective for ten years expiring on 20 November 2010. SHHL, a subsidiary of the Company, also adopted a share option scheme on 25 October 2000 (“SHHL Scheme”), which is effective for ten years expiring on 24 October 2010. Subject to amendments to be made to certain terms of both schemes, directors may, at their discretion, invite full-time employees including executive directors of respective companies and their subsidiaries to take up options to subscribe for shares of their own companies, which in aggregate may not exceed 10% of the issued share capital of respective companies, excluding for this purpose the shares issued pursuant to the respective schemes.

The Company will seek shareholders’ approval in the forthcoming annual general meeting to amend certain terms of HKCM Scheme which relate to exercise price and the maximum number of shares in respect of which options may be granted as a whole and to any one participant.



NOTES TO THE ACCOUNTS

22. SHARE OPTIONS *(continued)*

(1) HKCM Scheme

The details of movements of options granted under HKCM Scheme ("HKCM Options") during the year are as follows:

	Number of HKCM Options	
	2003	2002
At 1 April 2002/2001	29,710,000	1,700,000
Cancelled	–	(1,700,000)
Granted	–	30,810,000
Exercised <i>(note a)</i>	(225,000)	–
Lapsed	(5,505,000)	(1,100,000)
	23,980,000	29,710,000
At 31 March 2003/2002 <i>(note b)</i>	23,980,000	29,710,000

(a) The details of HKCM Options exercised during the year are as follows:

Exercise date	Exercise price <i>HK\$</i>	Number of HKCM Options exercised	Proceeds received <i>HK\$</i>
17 June 2002	0.48	75,000	36,000
3 July 2002	0.48	150,000	72,000
		225,000	108,000

No share options were exercised during the year ended 31 March 2002.



NOTES TO THE ACCOUNTS

22. SHARE OPTIONS *(continued)*

(1) HKCM Scheme *(continued)*

(b) Share options outstanding at the end of the year have the following terms:

Grant date	Exercise period		Exercise Price HK\$	Number of HKCM Options	
	From	To		2003	2002
Directors					
30 August 2001	1 October 2001	30 September 2011	0.48	1,700,000	1,700,000
30 August 2001	1 March 2002	30 September 2011	0.48	2,200,000	2,200,000
30 August 2001	1 September 2002	30 September 2011	0.48	2,080,000	2,080,000
				5,980,000	5,980,000
Other employees					
30 August 2001	1 March 2002	30 September 2011	0.48	8,925,000	11,865,000
30 August 2001	1 September 2002	30 September 2011	0.48	9,075,000	11,865,000
				18,000,000	23,730,000
				23,980,000	29,710,000

No share options were cancelled during the year (2002: 1,700,000).

(2) SHHL Scheme

The details of the movements of options granted under SHHL Scheme ("SHHL Options") during the year are as follows:

	Number of SHHL Options	
	2003	2002
At 1 April 2002/2001	19,280,000	9,190,000
Granted	-	10,310,000
Lapsed	(630,000)	(220,000)
At 31 March 2003/2002 <i>(note a)</i>	18,650,000	19,280,000



NOTES TO THE ACCOUNTS

22. SHARE OPTIONS *(continued)*

(2) SHHL Scheme *(continued)*

(a) Share options outstanding at the end of the year have the following terms:

Grant date	Exercise period		Exercise Price HK\$	Number of SHHL Options	
	From	To		2003	2002
Director					
15 January 2001	1 May 2001	31 May 2010	0.50	1,000,000	1,000,000
15 January 2001	1 May 2002	31 May 2010	0.50	1,000,000	1,000,000
31 August 2001	1 March 2002	30 September 2011	0.55	300,000	300,000
31 August 2001	1 September 2002	30 September 2011	0.55	300,000	300,000
				2,600,000	2,600,000
Other employees					
15 January 2001	1 May 2001	31 May 2010	0.50	4,820,000	4,970,000
15 January 2001	1 May 2002	31 May 2010	0.50	2,000,000	2,000,000
31 August 2001	1 March 2002	30 September 2011	0.55	4,615,000	4,855,000
31 August 2001	1 September 2002	30 September 2011	0.55	4,615,000	4,855,000
				16,050,000	16,680,000
				18,650,000	19,280,000

No share options were cancelled during the year (2002: Nil).

23. RESERVES

(a) The reserves of the Group and of the Company as at 31 March 2003 are analysed as follows:

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Reserves	276,597,728	329,311,432	278,195,464	350,139,725
Dividend reserve (note 7)	4,695,429	10,948,126	4,695,429	10,948,126
Total reserves (note 23(b) & (c))	281,293,157	340,259,558	282,890,893	361,087,851



NOTES TO THE ACCOUNTS

23. RESERVES *(continued)*

(b) Group

	Share premium <i>HK\$</i>	Exchange fluctuation reserve <i>HK\$</i>	Retained earnings <i>HK\$</i>	Dividend reserve <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2001	119,138,694	69,124	205,923,693	12,512,144	337,643,655
Profit for the year	-	-	19,820,101	-	19,820,101
2001 final dividend paid	-	-	-	(12,512,144)	(12,512,144)
2002 interim dividend proposed	-	-	(4,692,054)	4,692,054	-
2002 interim dividend paid	-	-	-	(4,692,054)	(4,692,054)
2002 final dividend proposed	-	-	(10,948,126)	10,948,126	-
At 31 March 2002	<u>119,138,694</u>	<u>69,124</u>	<u>210,103,614</u>	<u>10,948,126</u>	<u>340,259,558</u>
Dealt with by:					
Company and subsidiaries	119,138,694	69,124	212,483,908	10,948,126	342,639,852
Associated companies	-	-	(2,380,294)	-	(2,380,294)
At 31 March 2002	<u>119,138,694</u>	<u>69,124</u>	<u>210,103,614</u>	<u>10,948,126</u>	<u>340,259,558</u>
At 1 April 2002	119,138,694	69,124	210,103,614	10,948,126	340,259,558
Premium on issue of shares					
upon exercise of share options	85,500	-	-	-	85,500
Write-back of unclaimed dividend	-	-	49,465	-	49,465
Write-back for impairment loss					
of goodwill previously charged					
against reserve	-	-	10,067,315	-	10,067,315
Loss for the year	-	-	(58,220,555)	-	(58,220,555)
2002 final dividend paid	-	-	-	(10,948,126)	(10,948,126)
2003 final dividend proposed	-	-	(4,695,429)	4,695,429	-
At 31 March 2003	<u>119,224,194</u>	<u>69,124</u>	<u>157,304,410</u>	<u>4,695,429</u>	<u>281,293,157</u>
Dealt with by:					
Company and subsidiaries	119,224,194	69,124	162,512,011	4,695,429	286,500,758
Associated companies	-	-	(5,207,601)	-	(5,207,601)
At 31 March 2003	<u>119,224,194</u>	<u>69,124</u>	<u>157,304,410</u>	<u>4,695,429</u>	<u>281,293,157</u>



NOTES TO THE ACCOUNTS

23. RESERVES (continued)

(c) Company

	Share premium <i>HK\$</i>	Retained earnings <i>HK\$</i>	Dividend reserve <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2001	119,138,694	230,760,755	12,512,144	362,411,593
Profit for the year	–	15,880,456	–	15,880,456
2001 final dividend paid	–	–	(12,512,144)	(12,512,144)
2002 interim dividend proposed	–	(4,692,054)	4,692,054	–
2002 interim dividend paid	–	–	(4,692,054)	(4,692,054)
2002 final dividend proposed	–	(10,948,126)	10,948,126	–
At 31 March 2002	<u>119,138,694</u>	<u>231,001,031</u>	<u>10,948,126</u>	<u>361,087,851</u>
At 1 April 2002	119,138,694	231,001,031	10,948,126	361,087,851
Premium on issue of shares upon exercise of share options	85,500	–	–	85,500
Write-back of unclaimed dividend	–	49,465	–	49,465
Loss for the year	–	(67,383,797)	–	(67,383,797)
2002 final dividend paid	–	–	(10,948,126)	(10,948,126)
2003 final dividend proposed	–	(4,695,429)	4,695,429	–
At 31 March 2003	<u>119,224,194</u>	<u>158,971,270</u>	<u>4,695,429</u>	<u>282,890,893</u>

24. DEFERRED TAXATION

	Group	
	2003 <i>HK\$</i>	2002 <i>HK\$</i>
At 1 April 2002/2001	1,565,472	492,791
Transfer (to)/from profit and loss account (note 5)	(214,942)	1,072,681
At 31 March 2003/2002	<u>1,350,530</u>	<u>1,565,472</u>
Provided for in respect of:		
Accelerated depreciation allowances	1,369,530	1,571,958
Other timing differences	(19,000)	(6,486)
	<u>1,350,530</u>	<u>1,565,472</u>



NOTES TO THE ACCOUNTS

24. DEFERRED TAXATION *(continued)*

The potential deferred taxation assets not recognised are as follow:

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Excess of depreciation over tax allowances	8,886,945	3,436,201	1,031,167	491,772
Other timing differences	–	(181,381)	–	(106,908)
Tax losses	4,179,281	301,648	1,495,671	–
	13,066,226	3,556,468	2,526,838	384,864

25. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating (loss)/profit to net cash inflow from operating activities:

	2003 HK\$	2002 HK\$
Operating (loss)/profit	(41,193,542)	37,626,547
Amortisation of intangible assets	4,795,466	4,625,816
Impairment loss of goodwill	10,067,315	–
Loss on disposal of fixed assets	12,864,489	2,245,175
Depreciation of fixed assets	50,910,780	51,659,567
Impairment losses of other properties	33,900,000	–
Deficit on revaluation of investment properties	7,405,970	2,530,000
Interest income	(2,640,494)	(3,785,910)
Operating profit before working capital changes	76,109,984	94,901,195
Cash inflow from sales of cake coupons	56,763,738	62,828,464
Cake coupons redeemed as sales	(64,567,675)	(70,218,342)
Decrease in rental deposits paid	3,878,318	1,383,636
Decrease in inventories	29,110	5,422,330
Decrease in amount due from an associated company	917,426	54,881
Decrease/(increase) in trade receivables, deposits, prepayments and other receivables	4,071,014	(822,687)
(Decrease)/increase in trade payables, other payables and accrued charges	(8,062,082)	15,978,336
Decrease in provision for long service payments	(2,442,170)	(3,581,774)
Decrease in rental deposits received	(8,475)	(130,681)
Net cash inflow generated from operations	66,689,188	105,815,358
Hong Kong profits tax paid	(5,791,511)	(3,204,216)
Overseas taxation paid	(643,359)	(686,100)
Net cash inflow from operating activities	60,254,318	101,925,042



NOTES TO THE ACCOUNTS

26. COMMITMENTS

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

	Group		Company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Contracted but not provided for	10,318,488	676,143	5,699,689	–
Approved but not contracted for	30,239,943	16,804,489	4,298,237	3,470,000
	40,558,431	17,480,632	9,997,926	3,470,000

(b) **Commitments under operating leases**

At 31 March 2003, 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	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Within one year	84,493,822	96,810,043	45,320,837	42,734,232
In the second to fifth year inclusive	80,478,869	91,293,387	40,085,743	34,875,338
After the fifth year	2,387,576	2,462,211	–	–
	167,360,267	190,565,641	85,406,580	77,609,570

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

27. FUTURE OPERATING LEASE ARRANGEMENTS

At 31 March 2003, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2003 HK\$	2002 HK\$
Within one year	1,066,832	991,800
In the second to fifth year inclusive	31,200	967,200
	1,098,032	1,959,000



NOTES TO THE ACCOUNTS

28. RELATED PARTY TRANSACTIONS

Pursuant to the management agreements entered into between the Company and an associated company, Arges Limited, the Company was 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, the restaurants operated by this associated company were closed and the total management fees received by the Company amounted to HK\$374,591 (2002: HK\$1,268,525).

29. BANKING FACILITIES

At 31 March 2003, the Group had aggregate banking facilities of HK\$20,000,000 (2002: HK\$26,562,000) for overdrafts and bank guarantees. These facilities were secured by cross corporate guarantees given by the Company and certain of its subsidiaries.

At 31 March 2003, the facilities were utilised by the Group to the extent of HK\$10,502,856 (2002: HK\$11,020,431) including bank guarantees granted to third parties in lieu of rental and utility deposits.

30. SUBSIDIARIES AND ASSOCIATED COMPANIES

The following is the particulars of the principal subsidiaries and associated companies as at 31 March 2003:

Name of principal subsidiaries	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
Interests held directly:				
Albion Agents Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100	Investment holding
Banqueting Caterers Limited	Hong Kong	80 ordinary shares of HK\$1 each 10,000,020 non-voting deferred shares of HK\$1 each	100	Restaurant operator
High Value Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Investment holding
Sparklet Investment Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Restaurant operator
Tin Fook Caterers Limited	Hong Kong	100 ordinary shares of HK\$100 each 120,100 non-voting deferred shares of HK\$100 each	100	Restaurant operator



NOTES TO THE ACCOUNTS

30. SUBSIDIARIES AND ASSOCIATED COMPANIES *(continued)*

Name of principal subsidiaries	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
<i>Interests held indirectly:</i>				
Advance HR Management Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Management service
Bliset Investment Limited	Hong Kong	100 ordinary shares of HK\$1 each 102 non-voting deferred shares of HK\$1 each	60.15	Property holding
Bodega Limited	British Virgin Islands	1 ordinary share of US\$1 each	60.15	Investment holding
Bread Boutique Limited	Hong Kong	3,000,000 ordinary shares of HK\$1 each	60.15	Bakery operator
Criscane Limited	Hong Kong	2 ordinary shares of HK\$10 each	100	Property holding
Easywin Limited	British Virgin Islands	1 ordinary share of US\$1 each	60.15	Holding of trademarks
Elegant Grand Limited	Hong Kong	400 ordinary shares of HK\$1 each	95	Restaurant operator
Eltham Agents Limited	British Virgin Islands	10 ordinary shares of US\$1 each	60.15	Investment holding
Evergain Consultants Limited	British Virgin Islands	1 ordinary share of US\$1 each	60.15	Investment holding
Kingdom Wise Limited	Hong Kong	2 ordinary shares of HK\$1 each	60.15	Property holding



NOTES TO THE ACCOUNTS

30. SUBSIDIARIES AND ASSOCIATED COMPANIES *(continued)*

Name of principal subsidiaries	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
<i>Interests held indirectly: (continued)</i>				
@ Saint Anna Cake Shop (Macau) Limited	Macau	MOP100,000	60.15	Bakery operator
Saint Honore Cake Shop Limited	Hong Kong	5 ordinary shares of HK\$10 each 345,005 non-voting deferred shares of HK\$10 each	60.15	Bakery operator
@# Saint Honore Cake Shop (Shenzhen) Limited	People's Republic of China	HK\$16,000,000	60.15	Manufacturing of bakery products
Saint Honore Holdings Limited	Bermuda	196,229,000 ordinary shares of HK\$0.10 each	60.15	Investment holding
Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	45	Restaurant operator
Sincere United Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property holding
Strong Glory Limited	Hong Kong	2 ordinary shares of HK\$1 each	60.15	Investment holding
Uni-Leptics Limited	Hong Kong	2 ordinary shares of HK\$1 each	60.15	Property holding
Winwell (Hong Kong) Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property holding
Zillion Will Limited	Hong Kong	2 ordinary shares of HK\$1 each	60.15	Eatery operator



NOTES TO THE ACCOUNTS

30. SUBSIDIARIES AND ASSOCIATED COMPANIES *(continued)*

Name of principal subsidiaries	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
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Interests held indirectly: (continued)

@# 夢工場美食(廣州)有限公司	People's Republic of China	US\$400,000	60.15	Manufacturing of bakery products
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Name of principal associated companies	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective percentage holding attributable to the Group	Principal activities
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Arges Limited	Hong Kong	4 ordinary shares of HK\$1 each	50	Under liquidation
Wellcon Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	21	Investment holding and management consulting

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

The subsidiaries were established as wholly foreign-owned enterprises in the People's Republic of China.

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

31. POST BALANCE SHEET EVENT

In April 2003, the Company had closed Pak Fook Chinese Restaurant located in Sceneway Plaza. Provision and accrual had been made in the accounts for write off of fixed assets, impairment loss of property, severance and other termination wages associated with its closure.

32. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 10 July 2003.