



Notes to the Accounts

31st March 2001

10 Retirement benefit costs

Prior to 1st December 2000, the Group contributed to defined contribution retirement schemes established under and pursuant to the Occupational Retirement Schemes Ordinance (“ORSO Schemes”) for certain of its employees. Both the Group and employees were required to contribute each month an amount equal to 5% of the basic monthly salary. Under the ORSO Schemes, the employees are entitled to 100% of the employer’s contributions and the accrued interests thereon after 10 completed years in the schemes or at an increasing scale of between 20% to 90% from the second to ninth years. Where there are employees who leave the ORSO Schemes prior to vesting fully in contributions in accordance with the rules of the ORSO Schemes, the unvested employer’s contributions will be used to reduce the future contributions of the employer.

Effective from 1st December 2000, the Group discontinued its contribution to the ORSO Schemes and joined certain Mandatory Provident Fund schemes (“MPF Schemes”) established under and pursuant to the Mandatory Provident Fund Ordinance. For those group companies who have opted not to transfer the accrued benefits of the employees in the ORSO Schemes as voluntary contribution to MPF Schemes, such benefits are retained and their investment returns are accumulated. Employee can withdraw their accrued benefits in accordance with the rules of the ORSO Schemes.

Contributions to the MPF Schemes are made in accordance with the statutory requirements which are calculated at 5% of the relevant income of each employee up to a maximum amount of HK\$1,000 per month except for certain managerial staff whose monthly contribution is not capped at that absolute amount. All statutory contributions under the MPF Schemes are immediately fully vested on the employees.

For voluntary contributions to the MPF Schemes, the employees are entitled to 100% of the employer’s contributions and the accrued interests thereon after 10 completed years in either joining the ORSO Schemes or MPF Schemes whichever is earlier, or at an increasing scale of between 20% to 90% from the second to ninth years. Unvested employer’s contributions in both instances shall be used to reduce future contributions of the employer.

Both the assets of the MPF Schemes and the ORSO Schemes are held separately under pooled funds managed by independent trustees.

Aggregate amount of unvested benefits accrued to the Group during the year amounted to HK\$524,503 (2000:HK\$607,389) of which HK\$543,294 (2000:HK\$607,389) was used to reduce employer’s contribution. As at 31st March 2001, the aggregate amount of unvested benefits not yet utilised was HK\$180,888 (2000:HK\$199,679).



Notes to the Accounts

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11 Directors' and senior management's emoluments

(a) Directors' remuneration

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

| | 2001 HK\$ | 2000 HK\$ |
|-------------------------------------|------------------|------------------|
| Fees | 390,000 | 330,000 |
| Other emoluments: | | |
| Basic salaries and benefits in kind | 7,786,190 | 7,420,990 |
| Performance related bonuses | 1,519,348 | 1,620,000 |
| Pension contributions | 149,082 | 51,280 |
| | <u>9,844,620</u> | <u>9,422,270</u> |

For both years, all of the above were paid to executive directors except for directors' fees amounting to HK\$120,000 (2000: HK\$120,000) which were paid to four (2000: four) non-executive directors.

The emoluments of the directors fell within the following bands:

| Emoluments bands | Number of directors | |
|-------------------------------|---------------------|-----------|
| | 2001 | 2000 |
| HK\$ nil - HK\$1,000,000 | 9 | 9 |
| HK\$1,500,001 - HK\$2,000,000 | 1 | 1 |
| HK\$4,500,001 - HK\$5,000,000 | 1 | 1 |
| | <u>11</u> | <u>11</u> |

No directors have waived emoluments in respect of the two years ended 31st March 2001 and 2000. Details of options granted and exercised by the directors during the year were set out in the directors' report on page 21.



Notes to the Accounts

31st March 2001

11 Directors' and senior management's emoluments (cont'd)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2000:three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2000:two) highest paid individuals during the year are as follows:

| | 2001 HK\$ | 2000 HK\$ |
|-------------------------------------|------------------|------------------|
| Basic salaries and benefits in kind | 1,464,000 | 2,187,900 |
| Performance related bonuses | 80,000 | 150,000 |
| Pension contributions | 69,225 | 67,725 |
| | <u>1,613,225</u> | <u>2,405,625</u> |

The emoluments of these individuals fell within the following bands:-

| Emoluments bands | Number of individuals | |
|-------------------------------|-----------------------|----------|
| | 2001 | 2000 |
| HK\$ nil – HK\$1,000,000 | – | 1 |
| HK\$1,500,001 – HK\$2,000,000 | 1 | 1 |
| | <u>1</u> | <u>2</u> |

12 Intangible assets

| | 2001 HK\$ | Group 2000 HK\$ |
|------------|-------------------|-----------------------|
| Trademarks | <u>77,364,153</u> | <u>77,364,153</u> |

The trademarks "Saint Honore", "Saint Honore Cake Shop Limited" and its Chinese equivalents were acquired by the Group in 1992. The trademarks were last valued on 30th June 2000 by Sallmanns (Far East) Limited, an independent professional valuer, at HK\$77.8 million.

13 Fixed assets

(a) Group

| | Investment properties HK\$ | Other properties HK\$ | Leasehold improve- ments HK\$ | Air- conditioning plant HK\$ | Furniture, fixtures, and equipment HK\$ | Motor vehicles HK\$ | Total HK\$ |
|---|----------------------------------|-----------------------------|--|---------------------------------------|--|---------------------------|--------------------|
| Cost or valuation | | | | | | | |
| At 1st April 2000 | 27,237,016 | 254,876,232 | 167,725,605 | 42,002,343 | 208,096,684 | 13,307,421 | 713,245,301 |
| Reclassification | (925,928) | 925,928 | - | - | - | - | - |
| Additions | - | 7,765,501 | 16,228,581 | 1,090,676 | 12,420,264 | 3,976,586 | 41,481,608 |
| Disposals | - | - | (12,644,020) | (2,378,330) | (20,240,123) | (2,857,487) | (38,119,960) |
| Revaluation adjustment | (570,000) | - | - | - | - | - | (570,000) |
| At 31st March 2001 | 25,741,088 | 263,567,661 | 171,310,166 | 40,714,689 | 200,276,825 | 14,426,520 | 716,036,949 |
| Aggregate depreciation | | | | | | | |
| At 1st April 2000 | - | 19,452,224 | 113,464,477 | 24,990,059 | 132,038,794 | 8,428,462 | 298,374,016 |
| Provision for diminution in value | - | 850,000 | - | - | - | - | 850,000 |
| Charge for the year | - | 5,128,690 | 19,013,412 | 4,734,482 | 18,809,870 | 1,885,856 | 49,572,310 |
| Disposals | - | - | (10,298,403) | (2,122,185) | (17,497,160) | (1,902,197) | (31,819,945) |
| At 31st March 2001 | - | 25,430,914 | 122,179,486 | 27,602,356 | 133,351,504 | 8,412,121 | 316,976,381 |
| Net book value | | | | | | | |
| At 31st March 2001 | 25,741,088 | 238,136,747 | 49,130,680 | 13,112,333 | 66,925,321 | 6,014,399 | 399,060,568 |
| At 31st March 2000 | 27,237,016 | 235,424,008 | 54,261,128 | 17,012,284 | 76,057,890 | 4,878,959 | 414,871,285 |
| The analysis of the cost or valuation of the above assets are as follows: | | | | | | | |
| At cost | - | 263,567,661 | 171,310,166 | 40,714,689 | 200,276,825 | 14,426,520 | 690,295,861 |
| At professional valuation, 2001 | 25,741,088 | - | - | - | - | - | 25,741,088 |
| At 31st March 2001 | 25,741,088 | 263,567,661 | 171,310,166 | 40,714,689 | 200,276,825 | 14,426,520 | 716,036,949 |
| At cost | 12,151,045 | 254,876,232 | 167,725,605 | 42,002,343 | 208,096,684 | 13,307,421 | 698,159,330 |
| At directors' valuation, 2000 | 15,085,971 | - | - | - | - | - | 15,085,971 |
| At 31st March 2000 | 27,237,016 | 254,876,232 | 167,725,605 | 42,002,343 | 208,096,684 | 13,307,421 | 713,245,301 |



Notes to the Accounts

31st March 2001

13 Fixed assets (cont'd)

(a) Group (cont'd)

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

| | 2001 HK\$ | 2000 HK\$ |
|----------------------------------|--------------------|--------------------|
| In Hong Kong, held on: | | |
| Leases of over 50 years | 23,506,803 | 23,706,804 |
| Leases of between 10 to 50 years | 208,188,558 | 207,501,756 |
| Outside Hong Kong, held on: | | |
| Leases of over 50 years | 21,074,746 | 21,563,265 |
| Leases of between 10 to 50 years | 11,107,728 | 9,889,199 |
| | <u>263,877,835</u> | <u>262,661,024</u> |

At 31st March 2001, investment properties amounting to HK\$15,085,970 held by the SHHL Group, were revalued by Sallmanns (Far East) Limited and the remaining investment properties held by the Group were revalued by S.K. Pang Surveyors & Co. Ltd. on open market value basis. Both firms are independent professional valuers.

At 31st March 2001, the net book value of fixed assets pledged as security for the Group's bank facilities amounted to HK\$10,774,954 (2000:HK\$73,172,093). Details of the bank facilities are set out in note 28.



Notes to the Accounts

31st March 2001

13 Fixed assets (cont'd)

(b) Company

| | Other properties HK\$ | Leasehold improve- ments HK\$ | Air- conditioning plant HK\$ | Furniture, fixtures, and equipment HK\$ | Motor vehicles HK\$ | Total HK\$ |
|-------------------------------|-----------------------------|--|---------------------------------------|--|---------------------------|-------------------|
| Cost | | | | | | |
| At 1st April 2000 | 1,665,685 | 38,984,139 | 14,739,908 | 47,494,883 | 4,967,681 | 107,852,296 |
| Additions | – | 871,168 | 383,720 | 1,504,171 | 2,090,831 | 4,849,890 |
| Disposals | – | (8,480,654) | (2,277,130) | (12,590,473) | (1,904,205) | (25,252,462) |
| At 31st March 2001 | <u>1,665,685</u> | <u>31,374,653</u> | <u>12,846,498</u> | <u>36,408,581</u> | <u>5,154,307</u> | <u>87,449,724</u> |
| Aggregate depreciation | | | | | | |
| At 1st April 2000 | 207,160 | 25,969,471 | 8,940,741 | 30,082,741 | 2,258,563 | 67,458,676 |
| Charge for the year | 33,312 | 3,632,557 | 1,487,989 | 3,923,109 | 761,771 | 9,838,738 |
| Disposals | – | (7,702,362) | (2,035,832) | (10,321,489) | (1,328,469) | (21,388,152) |
| At 31st March 2001 | <u>240,472</u> | <u>21,899,666</u> | <u>8,392,898</u> | <u>23,684,361</u> | <u>1,691,865</u> | <u>55,909,262</u> |
| Net book value | | | | | | |
| At 31st March 2001 | <u>1,425,213</u> | <u>9,474,987</u> | <u>4,453,600</u> | <u>12,724,220</u> | <u>3,462,442</u> | <u>31,540,462</u> |
| At 31st March 2000 | <u>1,458,525</u> | <u>13,014,668</u> | <u>5,799,167</u> | <u>17,412,142</u> | <u>2,709,118</u> | <u>40,393,620</u> |

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



Notes to the Accounts

31st March 2001

14 Investments

| | Group | | Company | |
|-------------------------------|-------------------|-------------------|--------------------|--------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Subsidiaries (note a) | – | – | 301,267,241 | 375,673,117 |
| Associated companies (note b) | 12,877,599 | 10,702,567 | 12,564,831 | 12,564,831 |
| Club debentures, at cost | 4,996,880 | 4,996,880 | 4,996,880 | 4,996,880 |
| | <u>17,874,479</u> | <u>15,699,447</u> | <u>318,828,952</u> | <u>393,234,828</u> |

(a) Subsidiaries

| | Company | |
|--------------------------|--------------------|--------------------|
| | 2001 HK\$ | 2000 HK\$ |
| Unlisted shares, at cost | 177,226,623 | 53,599,118 |
| Loans to subsidiaries | 124,040,618 | 322,073,999 |
| | <u>301,267,241</u> | <u>375,673,117</u> |

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

(b) Associated companies

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Unlisted shares, at cost | | | | |
| less provisions | – | – | 12,564,831 | 12,564,831 |
| Share of net assets other than goodwill | 12,877,599 | 10,702,567 | – | – |
| | <u>12,877,599</u> | <u>10,702,567</u> | <u>12,564,831</u> | <u>12,564,831</u> |

Details of principal subsidiaries and associated companies are set out in note 29.



Notes to the Accounts

31st March 2001

15 Inventories, at cost

| | Group | | Company | |
|-------------------|-------------------|-------------------|------------------|------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Raw materials | 17,908,582 | 14,501,106 | 2,373,938 | 1,898,218 |
| Packing materials | 1,789,017 | 1,277,097 | – | – |
| Work in progress | 259,111 | 245,175 | – | – |
| Finished goods | 669,293 | 919,036 | – | – |
| | <u>20,626,003</u> | <u>16,942,414</u> | <u>2,373,938</u> | <u>1,898,218</u> |

16 Amounts due from / to subsidiaries

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

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

17 Amount due from / to an associated company

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

18 Trade receivables

Details of the aging analysis are as follows:

| | Group | | Company | |
|--------------------|------------------|------------------|----------------|----------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Current to 30 days | 2,009,923 | 1,183,128 | 472,478 | 483,126 |
| 31 to 60 days | 296,094 | 1,073,026 | 16,127 | 156,342 |
| Over 60 days | 151,126 | 18,877 | – | – |
| | <u>2,457,143</u> | <u>2,275,031</u> | <u>488,605</u> | <u>639,468</u> |

The majority of the Group's sales are on cash basis, credit cards and through redemption of cake coupons. Credit sales are normally on term of 30 days and mainly for certain corporate customers of the bakery operation.



Notes to the Accounts

31st March 2001

19 Trade payables, other payables and accrued charges

(a)

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Trade payables | 35,620,841 | 32,006,314 | 24,636,125 | 24,473,775 |
| Other payables and accrued charges | 86,348,162 | 85,841,990 | 33,465,736 | 28,819,482 |
| | <u>121,969,003</u> | <u>117,848,304</u> | <u>58,101,861</u> | <u>53,293,257</u> |

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

| | Group | | Company | |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Current to 30 days | 7,119,298 | 3,405,438 | – | – |
| 31 to 60 days | 27,596,947 | 28,109,524 | 23,887,734 | 24,473,775 |
| Over 60 days | 904,596 | 491,352 | 748,391 | – |
| | <u>35,620,841</u> | <u>32,006,314</u> | <u>24,636,125</u> | <u>24,473,775</u> |

20 Share capital

| | Company | |
|---|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ |
| Authorised 400,000,000 ordinary shares of HK\$0.10 each | <u>40,000,000</u> | <u>40,000,000</u> |
| Issued and fully paid 312,803,609 (2000:306,703,609) ordinary shares of HK\$0.10 each | <u>31,280,361</u> | <u>30,670,361</u> |



Notes to the Accounts

31st March 2001

20 Share capital (cont'd)

Details of the movements in the share capital during the year are set as follows:

| | Number of shares | |
|----------------------------------|--------------------|--------------------|
| | 2001 | 2000 |
| Ordinary shares of HK\$0.10 each | | |
| At 1st April | 306,703,609 | 306,303,609 |
| Exercise of share options | 6,100,000 | 400,000 |
| At 31st March | <u>312,803,609</u> | <u>306,703,609</u> |

21 Share options

On 13th March 2000, the Company adopted a new share option scheme which became effective on 21st November 2000 upon the cessation of the old scheme. At their discretion, the directors may invite employees of the Group, including directors, to take up options to subscribe for shares of the Company which, in aggregate may not exceed ten percent of the issued share capital of the Company from time to time, excluding for this purpose the shares issued pursuant to the share option scheme. The exercise price per share will be determined by reference to 80% of the average of the closing prices of the shares quoted on the Stock Exchange on the five trading days immediately preceding the date of offer of the options. During the year, no option was granted under the new share option scheme of the Company.

(a) Details of the movements in the share options during the year are as follows:

| | Number of options | |
|---------------|-------------------|------------------|
| | 2001 | 2000 |
| At 1st April | 7,800,000 | 8,350,000 |
| Exercised | (6,100,000) | (400,000) |
| Lapsed | – | (150,000) |
| At 31st March | <u>1,700,000</u> | <u>7,800,000</u> |

(b) As at 31st March 2001, details of the outstanding options are as follows:-

| Date of grant | Number of options | Option period | Exercise price HK\$ |
|---------------------|-------------------|---|------------------------|
| 16th September 1997 | 1,700,000 | 16th September 1999 to 15th September 2007 | 1.64 |