

## NOTES TO INTERIM 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 the SSAP 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants (the "HKSA") and Appendix 16 of the Listing Rules. They should be read in conjunction with the 2001 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 31st March 2001 except the Group has adopted SSAP 9 (revised) "Events after the balance sheet date" and SSAP 29 "Intangible assets" issued by the HKSA in the preparation of the interim accounts and applies them retrospectively so that the comparatives presented have been restated to conform with the changes in accounting policies. In addition the Group has taken advantage of the transitional provisions in SSAP 30 "Business combination" and not to restate goodwill on acquisitions that has been previously charged or credited to capital reserves.

The effect of adopting these new policies is set out below:

#### (a) SSAP 9 (revised): Events after the balance sheet date

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. The proposed final dividend for the year ended 31st March 2001 of HK\$11,733,740 and the interim dividend for the six months ended 30th September 2001 of HK\$4,905,725 were reclassified from current liabilities to dividend reserve which forms part of the shareholders' funds.

#### (b) SSAP 29: Intangible assets

##### Trademarks

The Group's trademarks were previously capitalised at cost and reviewed annually by the directors for possible diminution in value where provision would be made. With the adoption of SSAP 29, trademarks are now capitalised at cost and amortised over the estimated useful life of 20 years by straight-line method. Subsequent expenditure incurred in respect of the trademarks which does not meet the recognition and measurement criteria prescribed in the new standard is charged to the profit and loss account when incurred.

The intangible assets and retained earnings stated on the balance sheet have been reduced respectively by HK\$33,664,153 and HK\$31,364,153 at 30th September 2001 and 31st March 2001 having adjusted for the accumulated amortisation that should have been provided for on the costs up to the reporting dates. The operating profits for both periods were reduced by an amount of HK\$2,300,000 which is the periodic amortisation charge for six months.

## 2. Segmental information

The Group's turnover and contribution to operating profit for the period by business segments are as follows:

	Turnover Unaudited Six months ended 30th September		Operating profit Unaudited Six months ended 30th September (Restated)	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bakery operation	239,647	230,395	12,749	17,354
Eatery operation	15,424	6,483	1,232	1,042
	<u>255,071</u>	<u>236,878</u>	<u>13,981</u>	<u>18,396</u>

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

	Unaudited Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Hong Kong and Macau	246,447	228,678
PRC	2,717	3,081
Other countries	5,907	5,119
	<u>255,071</u>	<u>236,878</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 revenue

	Unaudited Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Interest income	1,149	1,403
Rental income from investment properties	468	467
	<u>1,617</u>	<u>1,870</u>

**4. Operating profit**

	<b>Unaudited</b>	
	<b>Six months ended 30th</b>	<b>September</b>
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Operating profit is stated after charging/(crediting) the following:		
Loss on disposal of fixed assets	44	437
Provision for diminution in value of other properties	425	–
(Reversal)/provision for long service payment	(502)	518
Retirement benefit costs	3,081	712
Write off of setup cost for Singapore joint venture	744	–

**5. Taxation**

	<b>Unaudited</b>	
	<b>Six months ended 30th</b>	<b>September</b>
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax	1,629	1,772
Overseas taxation	825	880
Deferred taxation	–	(33)
	<u>2,454</u>	<u>2,619</u>

Hong Kong profits tax has been provided at the rate of 16% (2000:16%) 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.

**6. Dividends**

	<b>Unaudited</b>	
	<b>Six months ended 30th</b>	<b>September</b>
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend, proposed on 6th December 2001, of HK2.5 cents (2000: Nil) per ordinary share	<u>4,906</u>	<u>–</u>

**7. Earnings per share**

	<b>Unaudited</b>	
	<b>Six months ended 30th September</b>	
	2001	(Restated) 2000
	HK\$'000	HK\$'000
<b>Earnings</b>		
Earnings for the purpose of the calculation of basic and diluted earnings per share	<u>11,527</u>	<u>15,777</u>
	2001	2000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	196,229,000	196,229,000
Effect of dilutive potential ordinary shares	<u>3,213,773</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>199,442,773</u>	<u>196,229,000</u>

**8. Intangible asset**

	<b>Unaudited</b>
	<b>HK\$'000</b>
<b>Trademarks</b>	
Net book value, as previously reported, 1st April 2001	77,364
Effect of adopting of SSAP 29 (see note 1 (b))	<u>(31,364)</u>
Net book value, as restated, 1st April 2001	46,000
Amortisation charge (see note 1(b))	<u>(2,300)</u>
Net book value, 30th September 2001	<u>43,700</u>
<b>Cost</b>	<b>92,000</b>
<b>Accumulated amortisation</b>	<b>(48,300)</b>
<b>Net book value, 30th September 2001</b>	<b><u>43,700</u></b>
Cost	92,000
Accumulated amortisation	<u>(46,000)</u>
Net book value, 31st March 2001	<u>46,000</u>

**9. Fixed assets**

	<b>Unaudited HK\$'000</b>
Net book value	
At 1st April 2001	185,567
Additions	14,108
Disposals	(54)
Depreciation	(12,238)
Provision for diminution in value	(425)
	<u>                    </u>
At 30th September 2001	<u>186,958</u>

At 30th September 2001, the net book value of fixed assets pledged as security for the Group's bank facilities amounted to HK\$10,649,482 (at 31st March 2001: HK\$10,774,954).

**10. Trade receivables**

Details of the aging analysis are as follows:

	<b>Unaudited 30th September 2001 HK\$'000</b>	Audited 31st March 2001 HK\$'000
Current to 30 days	5,938	750
31 to 60 days	480	248
Over 60 days	189	151
	<u>                    </u>	<u>                    </u>
	<u>6,607</u>	<u>1,149</u>

The majority of the Group's sales are on cash basis or through redemption of cake coupons. Credit sales are normally on terms of 30 days and mainly for certain corporate customers.

**11. Trade payables**

Details of the aging analysis are as follows:

	<b>Unaudited 30th September 2001 HK\$'000</b>	Audited 31st March 2001 HK\$'000
Current to 30 days	5,475	3,679
31 to 60 days	5,376	3,709
Over 60 days	26	156
	<u>                    </u>	<u>                    </u>
	<u>10,877</u>	<u>7,544</u>

**12. Share capital**

	Number of shares	Amount HK\$'000
Authorized	<u>400,000,000</u>	<u>40,000</u>
Issued and fully paid At 1st April 2001 and 30th September 2001	<u>196,229,000</u>	<u>19,623</u>

**13. Reserves****(a) Other reserves**

	Unaudited			Total HK\$'000
	Exchange flucation reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	
At 1st April 2001, as previously reported	69	104,929	32,222	137,220
Effect of adopting SSAP 29 (see note 1(b))	-	-	(31,364)	(31,364)
At 1st April 2001, as restated	69	104,929	858	105,856
Profit for the period	-	-	11,527	11,527
Transfer to dividend reserve	-	-	(4,906)	(4,906)
At 30th September 2001	<u>69</u>	<u>104,929</u>	<u>7,479</u>	<u>112,477</u>

**(b) Dividend reserve**

	Unaudited HK\$'000
Transfer from retained earnings/(payment):	
2000/2001 final dividends proposed, as restated at 1st April 2001 (see note 1(a))	11,773
2000/2001 final dividend paid	(11,773)
2001/2002 interim dividend proposed	<u>4,906</u>
At 30th September 2001	<u>4,906</u>

**14. Commitments**

	<b>Unaudited 30th September 2001 HK\$'000</b>	Audited 31st March 2001 HK\$'000
(a) Capital commitments for properties, plant and machinery		
Contracted but not provided for	1,716	413
Approved but not contracted for	<u>561</u>	<u>7,000</u>
	<u><b>2,277</b></u>	<u><b>7,413</b></u>
(b) Commitments under operating leases for land and buildings		
Within one year	5,200	11,412
In the second to fifth year inclusive	33,672	25,780
After the fifth year	<u>3,469</u>	<u>3,473</u>
	<u><b>42,341</b></u>	<u><b>40,665</b></u>

**15. Comparative figures**

Certain comparative figures have been restated to conform to the changed accounting policies following adoption of the new SSAPs which have come into effect since this financial year.

On behalf of the Board  
**Chan Wai Cheung, Glenn**  
*Chairman*

Hong Kong, 6th December 2001