



SAINT HONORE HOLDINGS LIMITED
聖安娜控股有限公司

(Incorporated in Bermuda with limited liability)

Website: <http://www.sthonore.com>

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH 2002

The board of directors (the “Board”) of Saint Honore Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2002 as follows:

AUDITED CONSOLIDATED RESULTS

	<i>Note</i>	2002 HK\$'000	Restated 2001 HK\$'000
Turnover	2	476,189	448,547
Other revenues	3	2,645	4,259
Costs of inventories consumed		(134,497)	(122,674)
Staff costs	4	(163,099)	(154,498)
Operating lease rentals		(51,427)	(52,306)
Depreciation of fixed assets		(25,644)	(22,291)
Other operating expenses		(75,088)	(73,028)
Amortisation of intangible assets		(4,600)	(4,600)
Profit before taxation	5	24,479	23,409
Taxation	6	(4,279)	(3,949)
Profit attributable to shareholders		20,200	19,460
Dividends	7	11,774	11,774
Earnings per share	8		
Basic		10.3 cents	9.9 cents
Diluted		10.1 cents	9.9 cents

Notes:

1. Principal accounting policies

In the current year, the Group has adopted, the following new or revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants which are, unless otherwise stated, effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 14 (revised)	Leases (effective for periods commencing on or after 1st July 2000)
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

Comparative figures previously presented have been restated after the adoption of the new and revised SSAPs above. The effect of adopting these new or revised standards is set out in the accounting policies in the financial statements.

2. Turnover and segment information

An analysis of the Group’s turnover and contribution to profit before taxation for the year by business segments is as follows:

	Turnover		Contribution to profit before taxatio	
	2002 <i>HK\$’000</i>	2001 <i>HK\$’000</i>	2002 <i>HK\$’000</i>	Restated 2001 <i>HK\$’000</i>
Bakery operation	446,620	434,288	22,045	25,756
Eatery operation	29,569	14,259	2,434	(2,347)
	<u>476,189</u>	<u>448,547</u>	<u>24,479</u>	<u>23,409</u>

No geographical segment information is provided as less than 10% of the Group’s turnover and less than 10% of the consolidated results of the Group is attributable to markets outside Hong Kong.

3. Other revenues

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest income	1,709	3,323
Rental income from investment properties	936	936
	<u>2,645</u>	<u>4,259</u>

4. Staff costs and remuneration policy

As at 31st March 2002, the Group had a total of 1,460 (2001: 1,500) full time employees. Remuneration packages of employees include basic salary, sales incentives and discretionary bonus which are normally reviewed on annual basis. We have obtained consent from our entire workforce that any year end bonus payable in the coming fiscal year will be discretionary in nature and linked directly to their work performance. On 31st August 2001, the Company granted 10,310,000 share options to employees of the Group.

5. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Auditors' remuneration	883	588
(Reversal of)/provision for long service payments included in staff costs	(1,412)	210
Retirement benefit costs included in staff costs	6,335	3,003
Loss on shop closure for early termination of lease		
Write off of fixed assets	–	1,426
Compensation for early termination of leases	–	636
Pre-operating expenses written off	703	–
Loss on disposal of fixed assets	284	647
Net exchange loss	291	300
Impairment of other properties	–	850
	<u> </u>	<u> </u>

6. Taxation

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong profits tax	2,826	3,748
Overseas taxation	684	777
Over provision in prior years	(237)	(475)
Deferred taxation	1,006	(101)
	<u>4,279</u>	<u>3,949</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

7. Dividends

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interim, paid, of HK2.5 cents (2001: nil) per ordinary share	4,906	–
Final, proposed, of HK3.5 cents (2001: HK6 cents) per ordinary share	6,868	11,774
	<u>11,774</u>	<u>11,774</u>

8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	2002 <i>HK\$</i>	Restated 2001 <i>HK\$</i>
Earnings		
Earnings for the purpose of the calculation of basic and diluted earnings per share	<u>20,199,927</u>	<u>19,460,373</u>
Number of shares		
Weighted average number of ordinary share for the purpose of the calculation of basic earnings per share	196,229,000	196,229,000
Effect of dilutive potential ordinary shares	<u>3,851,608</u>	<u>603,225</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>200,080,608</u>	<u>196,832,225</u>

FINAL DIVIDEND

The Directors have recommended a final dividend of HK3.5 cents per ordinary share (2001: HK6 cents) for the year ended 31st March 2002 to be payable to shareholders whose names appear in the register of members of the Company on 29th August 2002. Subject to the passing of the necessary resolutions at the forthcoming annual general meeting, such dividend will be payable on or about 10th September 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Business condition has been tough, especially after the September 11th terrorist attack of the United States ('911 events'). Competition remained intense in the bakery industry. Our festive product sales had been more affected by the economic downturn and recorded a slight decline. Normal cake and bread business increased earlier on during the fiscal year primarily due to heavy discount given. We have since changed our sales strategy to avoid the vicious circle of confronting competition with further sales discount as our only recourse. Instead we focus now on excelling ourselves in product quality and varieties. We still offer heavy discounts on selective items throughout the year as a marketing gimmick. Such move should shelter our profit margin from further erosion, for the time being. Overall our turnover increased by 6.2%.

To improve our profitability, we have replaced 6 loss-making outlets with new ones at other locations with better rental to consumer traffic ratio. We also renovated a few flagship outlets to give a more refreshing image. Our depreciation charge inevitably increased. We halted the expansion plan in Singapore after the 911 event and charged the setup costs incurred of HK\$0.7 million to the profit and loss account. Operating profit was further affected by lower interest earned from fixed deposits. Our eatery business has turnaround and is now contributing positively to the bottom line. Overall, our operating profit improved modestly by 4.6%.

The implementation of SSAP 29 requires us to re-capitalise the trademark "Saint Honore" at cost and amortise the amount over a period of 20 years from 1992 i.e. the first year of use. Accordingly, an annual amortisation charge of HK\$4.6 million has been charged to our operating results. Prior year comparison was restated to adjust for this charge as well.

Mainland China has assumed the role of the manufacturing hub for many multinationals. To live up to worldwide quality assurance standard, we re-engineered our Shenzhen plant for Hazard Analysis Critical Control Point ("HACCP") certification. This plant has now been accredited with both ISO9001 and HACCP.

Around March 2002, malicious rumours were spreading around the internet that the Group was in financial difficulty. We reported it to the Hong Kong Police for investigation. To prevent the incident from escalating into a full size cake run, I in person and Hong Kong Catering Management Limited, the ultimate holding company together with a substantial shareholder have undertaken to provide the Group a standing facility of not more than HK\$74 million for a period of 3 months to be extended when required. We volunteer to publish quarterly results announcement in the coming fiscal year so as to increase our financial transparency to the public. By initiating this action, we hope to take the situation in our hands and shut the rumourmonger up.

Prospect

Hong Kong has not emerged from the economic downturn which started in late 1997. We do not expect any fast recovery in the coming year. In view of this, the Board will take a conservative attitude to open new shops locally paying special care to ensure the location is proper. We continue to streamline our operation for more cost savings.

To achieve higher production efficiency, we have planned to move more bakery production lines to the Shenzhen plant which is accredited with the ISO9001 and HACCP certification. With the accession of mainland China to the World Trade Organisation, the Board believes that it is now an appropriate time to reassess the potentials of this huge consumer market. Our first pilot retail outlet has started to operate in Guangzhou in early July 2002.

Liquidity and Capital Resources

There was a healthy inflow of cash during the past year. As at 31st March 2002, the Group's freely held cash on hand stood at record level of HK\$79.7 million (2001: HK\$64.1 million) with zero gearing. The Group's financial position is healthy with no immediate need for external fund raising. The capital commitments as at the reporting date were mainly for increasing our production capacity of our Shenzhen factory.

Pledge of Assets

As at 31st March 2002, a property in Macau with a net book value of HK\$10.5 million was pledged to secure an overdraft facility of HK\$1.0 million which had never been utilised. We have since requested the bank to terminate the facility. In addition, fixed deposits of HK\$1.2 million have been pledged to secure bank facilities in form of bank guarantees to secure the obligations of the Group relating leased premises and public utilities.

Contingent Liabilities

As at the reporting date, the Group did not have any significant contingent liability.

Exposure of Fluctuation 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.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 24th August 2002 to 29th August 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. 23rd August 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules.

DETAILED RESULTS ANNOUNCEMENT ON EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Exchange's website in due course.

On behalf of the Board
Chan Wai Cheung, Glenn
Chairman

Hong Kong, 11th July 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of the Company will be held at World Trade Centre Club Hong Kong, 38/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on 29th August 2002 (Thursday) at 3:30 p.m. for the purpose of transacting the following business:–

ORDINARY BUSINESS

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March 2002;
2. To declare a final dividend for the year ended 31st March 2002;
3. To re-elect directors and to authorise the Board to fix their remuneration;
4. To appoint auditors for the ensuing year and to authorise the Board to fix their remuneration;

SPECIAL BUSINESS

To consider and, if thought fit, to pass resolutions as Ordinary Resolution and Special Resolutions with respect to the following:–

5. To grant a general mandate to the Board to allot shares and grant options including warrants;
6. Subject to the approval of the Registrar of Companies in Hong Kong, to adopt “聖安娜控股有限公司” as the Company’s corporate Chinese name for the purpose of the Company’s registration in Hong Kong; and
7. To alter the Bye-laws of the Company in order to permit distribution of corporate communications (including the distribution of annual reports and summary financial reports) to shareholders using electronic means and to offer the shareholders the choice of receiving Company’s corporate communications in either the English language or the Chinese language or both the English and Chinese language.

Details relating to the proposed amendments will be set out in the circular to be sent to shareholders before 31st July 2002.

By Order of the Board
Lucy Wong
Secretary

Hong Kong, 11th July 2002

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or not more than two proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or certified by a notary or an official copy of that power of attorney or authority, must be deposited at the Company's head office at 5th Floor, Express Industrial Building, 43 Heung Yip Road, Wong Chuk Hang, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The register of member will be closed from 24th August 2002 to 29th August 2002, both days inclusive, during which period no transfers of shares will be effected. To determine entitlement to the recommended final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 23rd August 2002.
4. With regard to the business referred to in paragraph 5 above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company.
5. Notice of the above business and resolutions will be published in the Company's 2002 Annual Report and served to members of the Company entitled thereto by post. With respect to the business referred to in paragraph 6 and 7 above, a circular containing the information necessary to enable shareholders to make an informed decision at the annual general meeting as to whether to vote for or against the relevant resolutions will be set out in a separate document and dispatched to shareholders together with the Company's 2002 Annual Report as soon as possible.

“Please also refer to the published version of this announcement in *The Standard*”.