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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 FIRST QUARTER ENDED 30TH JUNE 2002

The board of directors (the “Board”) of Saint Honore Holdings Limited (the “Company”) is pleased to make this voluntary announcement of the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the first quarter ended 30th June 2002 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	Unaudited	
		Three months ended	
		30th June	
		2002	2001
		HK\$'000	HK\$'000
Turnover	2	113,665	109,530
Other revenues	3	437	969
Costs of inventories consumed		(32,132)	(32,019)
Staff costs	4	(40,976)	(41,448)
Operating lease rentals		(12,137)	(13,526)
Depreciation of fixed assets		(6,804)	(6,126)
Other operating expenses		(18,590)	(16,791)
Amortisation of intangible assets		(1,150)	(1,150)
		<hr/>	<hr/>
Profit/(loss) before taxation	5	2,313	(561)
Taxation	6	(504)	(198)
		<hr/>	<hr/>
Profit/(loss) attributable to shareholders		1,809	(759)
		<hr/>	<hr/>
Dividends		–	–
		<hr/>	<hr/>
Earnings/(loss) per share	7		
– Basic		0.9 cents	(0.4) cents
– Diluted		0.9 cents	N.A.
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET

		Unaudited 30th June 2002 HK\$'000	Audited 31st March 2002 HK\$'000
	<i>Note</i>		
Intangible assets		40,250	41,400
Fixed assets		185,260	186,101
Rental deposits paid		12,050	11,134
Current assets			
Inventories		7,340	4,785
Trade receivables	8	2,610	2,242
Deposits, prepayments and other receivables		15,372	10,585
Taxation recoverable		848	735
Pledged bank deposits		1,251	1,213
Bank balances and cash		58,969	79,705
		<hr/> 86,390 <hr/>	<hr/> 99,265 <hr/>
Current liabilities			
Amount due to the ultimate holding company		319	455
Trade payables	9	8,409	7,635
Other payables & accrued charges		40,125	43,729
Taxation payable		2,471	1,825
Cake coupon liabilities – current portion		39,179	45,010
		<hr/> 90,503 <hr/>	<hr/> 98,654 <hr/>
Net current (liabilities)/assets		<hr/> (4,113) <hr/>	<hr/> 611 <hr/>
Total assets less current liabilities		<hr/> 233,447 <hr/>	<hr/> 239,246 <hr/>
Financed by:			
Share capital		19,623	19,623
Reserves	10	116,091	114,282
Dividend reserve	10	6,868	6,868
		<hr/> 142,582 <hr/>	<hr/> 140,773 <hr/>
Shareholders' fund		142,582	140,773
Cake coupon liabilities – non current portion		82,777	90,159
Rental deposit received		239	239
Provision for long service payments – non-current portion		6,625	6,851
Deferred taxation		1,224	1,224
		<hr/> 233,447 <hr/>	<hr/> 239,246 <hr/>

Notes:

1. Basis of preparation and accounting policies

The accounting policies and methods of computation used in the preparation of the quarterly accounts are consistent with those used in the annual accounts for the year ended 31st March 2002 and the unaudited consolidated quarterly accounts are prepared in accordance with Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). They should be read in conjunction with the 2002 annual accounts.

2. Turnover and segment information

An analysis of the Group’s turnover and contribution to profit/(loss) before taxation for the quarter by business segments is as follows:

	Turnover Unaudited		Contribution to profit/(loss) before taxation Unaudited	
	Three months ended		Three months ended	
	30th June		30th June	
	2002	2001	2002	2001
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Bakery operation	106,899	102,174	1,867	(971)
Eatery operation	6,766	7,356	446	410
	<u>113,665</u>	<u>109,530</u>	<u>2,313</u>	<u>(561)</u>

No geographical analysis in respect of consolidated turnover and profit/(loss) before taxation is provided as less than 10% of the Group’s turnover and profit/(loss) before taxation respectively are attributable to markets outside Hong Kong.

3. Other revenues

	Unaudited	
	Three months ended	
	30th June	
	2002	2001
	HK\$’000	HK\$’000
Interest income	203	735
Rental income from investment properties	234	234
	<u>437</u>	<u>969</u>

4. Staff costs and remuneration policy

As at 30th June 2002, the Group had a total of 1,690 (2001: 1,620) full time employees. There have been no significant change in the Group’s employment and remuneration policies for the period under review.

5. Profit/(loss) before taxation

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

	Unaudited Three months ended 30th June	
	2002 HK\$'000	2001 HK\$'000
Provision for long service payments included in staff costs	1,042	70
Retirement benefit costs included in staff costs	1,472	1,529
Net exchange losses	166	31
	<u>1,680</u>	<u>1,630</u>

6. Taxation

	Unaudited Three months ended 30th June	
	2002 HK\$'000	2001 HK\$'000
Hong Kong profits tax	824	245
Overseas taxation	(320)	(47)
	<u>504</u>	<u>198</u>

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

7. Earnings/(loss) per share

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

	Unaudited Three months ended 30th June	
	2002 HK\$'000	2001 HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of the calculation of basic and diluted earnings/(loss) per share	<u>1,809</u>	<u>(759)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings/(loss) per share	196,229,000	196,229,000
Effect of dilutive potential ordinary shares	<u>4,704,561</u>	<u>N.A.</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>200,933,561</u>	<u>N.A.</u>

The diluted loss per share amount for the quarter ended 30th June 2001 is not shown as the share options outstanding during this period had an anti-dilutive effect on the basic loss per share for that period.

8. Trade receivables

Details of the ageing analysis are as follows:

	Unaudited 30th June 2002 HK\$'000	Audited 31st March 2002 HK\$'000
Current to 30 days	1,905	852
31 to 60 days	513	1,218
Over 60 days	192	172
	<u>2,610</u>	<u>2,242</u>

Sales are normally conducted by cash or through redemption of cake coupons. Credit sales to local and overseas corporate customers are generally 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 value.

9. Trade payables

Details of the ageing analysis are as follows:

	Unaudited 30th June 2002 HK\$'000	Audited 31st March 2002 HK\$'000
Current to 30 days	4,449	5,741
31 to 60 days	3,884	1,872
Over 60 days	76	22
	<u>8,409</u>	<u>7,635</u>

10. Reserves

(a) The reserves of the Group are analysed as follows:

	Unaudited 30th June 2002 HK\$'000	Audited 31st March 2002 HK\$'000
Reserves	116,091	114,282
Dividend reserve	6,868	6,868
	<u>122,959</u>	<u>121,150</u>
Total reserves		

(b)

	Exchange fluctuation reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2002	69	104,929	16,152	121,150
Profit for the period	<u>–</u>	<u>–</u>	<u>1,809</u>	<u>1,809</u>
At 30th June 2002	<u>69</u>	<u>104,929</u>	<u>17,961</u>	<u>122,959</u>

11. Capital commitments for leasehold improvements, furniture, fixtures and equipment

	Unaudited 30th June 2002 <i>HK\$'000</i>	Audited 31st March 2002 <i>HK\$'000</i>
Contracted but not provided for	5,819	–
Approved but not contracted for	<u>310</u>	<u>2,657</u>
	<u>6,129</u>	<u>2,657</u>

QUARTERLY DIVIDEND

The directors do not recommend any dividend for the first quarter (2001: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospect

The first quarter of the fiscal year is traditionally the low season for the bakery industry. We managed to turn around with a reported attributable profit to shareholders of HK\$1.8 million in the current year, as compared to a small loss of HK\$0.8 million suffered in last year. The various strategic moves to enhance our performance are now showing effects: relocation of more production lines into Mainland China enabled us to improve on our gross margin and staff cost savings; replacing long loss-making outlets with new ones of better pedestrian flow improved our rental to sales ratio.

The aborted “cake-run” as mentioned in our 2002 annual report boosted our turnover for the first quarter and we intentionally scaled back cake coupons sales during this period to allow time for consumer confidence to recover. Despite this, our freely held cash position still stood healthily at HK\$59.0 million as at 30th June 2002. Our proactive move to voluntarily publish quarterly results for enhanced financial transparency should instill further confidence among the consumers. Cake coupon business has returned to normal.

The opening of our first retail outlet in Guangzhou in July 2002 has brought the Group a step further into this huge potential market. We do not anticipate any positive return at this initial stage but rather see it as an investment to reinforce our branding in the PRC market. In this respect, we are honoured that “Saint Honore” has recently been recognised by the Guangdong Provincial Authority as a famous brand for her mooncake products.

The management still maintain the view that economic recovery is still distant and will adhere to a prudent attitude as far as expansion is concerned.

Liquidity and Capital Resources/ Pledge of Assets /Contingent Liabilities/ Exposure of Fluctuation in Exchange Rates and Related Hedge

Other than the Group's freely held cash on hand which was reduced by HK\$20.7 million to HK\$59.0 million as of the reporting date (HK\$79.7 million as of 31st March 2002), there have been no significant changes to the information since reported in the 2002 annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the period, 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

The quarterly results announcement containing all the information required by paragraphs 46(1) to 46(6) 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, 25th September 2002

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