



SAINT HONORE HOLDINGS LIMITED

聖安娜控股有限公司

(Incorporated in Bermuda with limited liability)

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

INTERIM RESULTS

The board of directors (the “Board”) of Saint Honore Holdings Limited (“the Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2002 as follows:

Consolidated Profit and Loss Account

		Unaudited Six months ended 30 September	
	Note	2002 HK\$'000	2001 HK\$'000
Turnover	2	251,196	255,071
Other revenues	3	773	1,617
Costs of inventories consumed		(74,004)	(75,283)
Staff costs		(81,369)	(83,915)
Operating lease rentals		(24,605)	(26,536)
Depreciation of fixed assets		(13,973)	(12,238)
Other operating expenses		(45,811)	(42,435)
Amortisation of intangible assets		(2,300)	(2,300)
Profit before taxation	4	9,907	13,981
Taxation	5	(2,062)	(2,454)
Profit attributable to shareholders		<u>7,845</u>	<u>11,527</u>
Dividend – interim	6	<u>3,925</u>	<u>4,906</u>
Earnings per share	7		
– Basic		4.0 cents	5.9 cents
– Diluted		<u>3.9 cents</u>	<u>5.8 cents</u>

Notes:

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 Statement of Standard Accounting Practice ("SSAP") 25, "Interim financial reporting" issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). They should be read in conjunction with the 2002 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 31 March 2002 except for the adoption of the following revised and new SSAPs 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 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The significant changes in the Group's accounting policies resulting from the adoption of these new practices are set out below:

(a) *SSAP 1 (revised): Presentation of financial statements*

The consolidated statement of recognised gains and losses is replaced by the consolidated statement of changes in equity.

(b) *SSAP 15 (revised): Cash flow statements*

The presentation and classification of items in the cash flow statement have been changed due to the adoption of SSAP 15 (revised). As a result, cash flow during the period has been reclassified by operating, investing and financing activities. For the six months ended 30 September 2002, net cash outflow from taxation paid of HK\$0.3 million (2001: HK\$0.2 million) has been reclassified as operating cash flow. Interest received of HK\$0.3 million (2001: HK\$1.1 million) have been reclassified as investing cash flow and dividend paid of HK\$6.9 million (2001: HK\$11.8 million) have been reclassified as financing cash flow.

2. Turnover and segmental information

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Unaudited Six months ended 30 September 2002			Unaudited Six months ended 30 September 2001		
	Bakery <i>HK\$'000</i>	Eatery <i>HK\$'000</i>	Group <i>HK\$'000</i>	Bakery <i>HK\$'000</i>	Eatery <i>HK\$'000</i>	Group <i>HK\$'000</i>
Turnover	<u>236,878</u>	<u>14,318</u>	<u>251,196</u>	<u>239,647</u>	<u>15,424</u>	<u>255,071</u>
Segment results	<u>8,043</u>	<u>1,396</u>	<u>9,439</u>	<u>12,281</u>	<u>1,232</u>	13,513
Unallocated revenue			<u>468</u>			<u>468</u>
Profit before taxation			<u>9,907</u>			13,981
Taxation			<u>(2,062)</u>			<u>(2,454)</u>
Profit attributable to shareholders			<u>7,845</u>			<u>11,527</u>
Segment assets	300,319	9,300	309,619	326,099	10,242	336,341
Unallocated assets			<u>15,086</u>			<u>15,093</u>
Total assets			<u>324,705</u>			<u>351,434</u>
Segment liabilities	172,918	5,910	178,828	205,410	6,197	211,607
Unallocated liabilities			<u>4,126</u>			<u>2,821</u>
Total liabilities			<u>182,954</u>			<u>214,428</u>
Capital expenditure	16,444	243	16,687	13,898	210	14,108
Depreciation	13,084	889	13,973	11,353	885	12,238
Amortisation charge	2,300	–	2,300	2,300	–	2,300

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

	Unaudited Six months ended 30 September	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong and Macau	243,880	246,447
PRC	3,622	2,717
Other countries	3,694	5,907
	<u>251,196</u>	<u>255,071</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 revenues

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Interest income	305	1,149
Rental income from investment properties	468	468
	<u>773</u>	<u>1,617</u>

4. Profit before taxation

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Profit before taxation is stated after charging/(crediting) the following:		
Loss on disposal of fixed assets	5	44
Provision for diminution in value of other properties	–	425
Provision for/(reversal of) long service payments included in staff costs	1,273	(502)
Retirement benefit costs included in staff costs	2,908	3,081
Write off of setup cost for Singapore joint venture	–	744
	<u>–</u>	<u>744</u>

5. Taxation

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	1,217	1,629
Overseas taxation	1,006	825
Deferred taxation	(161)	–
	<u>2,062</u>	<u>2,454</u>

Hong Kong profits tax has been provided at the rate of 16% (2001:16%) 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. Dividend

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Interim dividend, proposed on 5 December 2002, of HK2.0 cents (2001: HK2.5 cents) per ordinary share	<u>3,925</u>	<u>4,906</u>

7. Earnings per share

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of the calculation of basic and diluted earnings per share	<u>7,845</u>	<u>11,527</u>
Number of shares		
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>5,090,569</u>	<u>3,213,773</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>201,319,569</u>	<u>199,442,773</u>

INTERIM DIVIDEND

The directors have declared an interim dividend of HK 2 cents (2001: HK 2.5 cents) per ordinary share for the six months ended 30 September 2002 to shareholders whose names appear in the register of members of the Company on 10 January 2003. The dividend will be payable on or about 28 January 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 January 2003 to 16 January 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim 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. on 10 January 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall sales of our bakery operation fell by 1.5% as growth in the first quarter was offset by a drop in sales of 5.5% in the second quarter. Mooncake sales usually play a significant impact on the performance of the second quarter. As the sentiment felt was quite negative in the early stage of our sales campaign, we decided to offer more aggressive discounts at the onset so as to secure our market share while sacrificing gross margin to some extent. We intentionally halted our normal cake coupons sales promotion for nearly 10 months after the aborted "cake run" in March 2002 to allow a reasonable cooling period for consumers to rationalise. Our normal bakery business was inevitably affected as a high percentage of cake coupons are normally redeemed within the first year of their purchases. Our eatery business also dropped by 7.2% as turnover shrank drastically over the period of 2002 World Cup soccer and the onslaught of many similar niche dining places.

The migration of certain production lines to Shenzhen was completed and we expect to see further savings in our payroll. As competition has intensified in the consumer market, we have set aside a more generous budget for related marketing campaigns for re-enforcing a consistent level of consumer awareness or our brand-name.

Our first “Saint Honore” retail outlet in PRC was opened at Guangzhou in July 2002 as a stepping stone to tap this huge, yet mystique market. Given the proximity of Guangdong Province, the “Saint Honore” brand was already commonly recognised among the local residents even before our landing. Sales have improved steadily since its opening and we are planning to open up two more outlets within the fiscal year.

Prospect

We don't expect any significant improvement on our business in Hong Kong as the deflationary threat is still strangling the local economy for at least another six to nine months. The mainland China market may shed some lights to our future given her robust consumer market.

Liquidity and financial resources

As at 30 September 2002, the Group's freehold cash on hand stood at HK\$61.4 million (31 March 2002: HK\$79.7 million) with zero gearing and our cash balance dropped by HK\$18.3 million. It was caused by suspended cake coupons sales of HK\$18.7 million compared to last year. We did it purposely so as to win back customers confidence in our cake coupons by improving financial transparency through the publishing of the Group's quarterly results. Given that, the Group's cash position is still considered healthy. The capital commitments as at the reporting date were mainly for opening of a new outlet, redecoration of certain outlets and expansion of our Shenzhen's production plant and these projects would be financed internally.

Charge on Group asset

As at 30 September 2002 there was no asset of the Group being pledged.

Employees

As at 30 September 2002, the Group employed about 1,580 (2001: 1,480) employees. The Group offers competitive remuneration package and discretionary bonus may be granted to the eligible employees based on the Group's and the individual's performance. The Company has a share option scheme according to which directors granted share options to employees of the Company and its subsidiaries to subscribe for share of the Company.

Contingent liabilities

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

Exposure to fluctuations 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the Group's unaudited interim accounts for the six months ended 30 September 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period, in compliance with the Code of Best Practice set out in the Listing Rules.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of the Board
Chan Wai Cheung, Glenn
Chairman

Hong Kong, 5 December 2002

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