



# 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 THIRD QUARTER ENDED 31 DECEMBER 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 third quarter ended 31 December 2002 as follows:

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited Nine months ended 31 December	
	Note	2002 HK\$'000	2001 HK\$'000
Turnover	2	364,623	366,306
Other revenues	3	1,148	2,212
Costs of inventories consumed		(107,265)	(104,642)
Staff costs	4	(118,394)	(123,761)
Operating lease rentals		(37,322)	(39,495)
Depreciation of fixed assets		(21,414)	(18,634)
Other operating expenses		(63,739)	(57,821)
Amortisation of intangible assets		(3,450)	(3,450)
<b>Profit before taxation</b>	5	<b>14,187</b>	20,715
<b>Taxation</b>	6	<b>(3,071)</b>	(3,866)
<b>Profit attributable to shareholders</b>		<b>11,116</b>	16,849
<b>Dividends</b>		<b>3,925</b>	4,906
<b>Earnings per share</b>	7		
– Basic		5.7 cents	8.6 cents
– Diluted		5.5 cents	8.4 cents

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>Unaudited 31 December 2002 HK\$'000</b>	<b>Audited 31 March 2002 HK\$'000</b>
<b>Intangible assets</b>		<b>37,950</b>	41,400
<b>Fixed assets</b>		<b>188,389</b>	186,101
<b>Rental deposits paid</b>		<b>11,508</b>	11,135
<b>Current assets</b>			
<b>Inventories</b>		<b>9,746</b>	4,785
<b>Trade receivables</b>	8	<b>1,930</b>	2,242
<b>Deposits, prepayments and other receivables</b>		<b>11,139</b>	10,585
<b>Taxation recoverable</b>		<b>99</b>	735
<b>Pledged bank deposits</b>		<b>–</b>	1,213
<b>Bank balances and cash</b>		<b>79,625</b>	79,705
		<b>102,539</b>	99,265
<b>Current liabilities</b>			
<b>Amount due to the ultimate holding company</b>		<b>1,042</b>	455
<b>Trade payables</b>	9	<b>12,335</b>	7,635
<b>Other payables &amp; accrued charges</b>		<b>45,496</b>	43,729
<b>Taxation payable</b>		<b>3,779</b>	1,825
<b>Cake coupon liabilities – current portion</b>		<b>39,126</b>	45,010
		<b>101,778</b>	98,654
<b>Net current assets</b>		<b>761</b>	611
<b>Total assets less current liabilities</b>		<b>238,608</b>	239,247
<b>Financed by:</b>			
<b>Share capital</b>		<b>19,623</b>	19,623
<b>Reserves</b>	10	<b>121,474</b>	114,283
<b>Dividend reserve</b>	10	<b>3,925</b>	6,868
<b>Shareholders' funds</b>		<b>145,022</b>	140,774
<b>Cake coupon liabilities – non-current portion</b>		<b>85,254</b>	90,159
<b>Rental deposit received</b>		<b>239</b>	239
<b>Provision for long service payments – non-current portion</b>		<b>7,031</b>	6,851
<b>Deferred taxation</b>		<b>1,062</b>	1,224
		<b>238,608</b>	239,247

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 31 March 2002. The unaudited consolidated quarterly accounts are prepared in accordance with Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and they should be read in conjunction with the 2002 annual accounts.

**2. Turnover and segmental information**

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

	Turnover Unaudited Nine months ended 31 December		Contribution to profit before taxation Unaudited Nine months ended 31 December	
	2002 HK\$’000	2001 HK\$’000	2002 HK\$’000	2001 HK\$’000
Bakery operation	343,446	343,635	13,044	18,701
Eatery operation	21,177	22,671	1,143	2,014
	<u>364,623</u>	<u>366,306</u>	<u>14,187</u>	<u>20,715</u>

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

**3. Other revenues**

	Unaudited Nine months ended 31 December	
	2002 HK\$’000	2001 HK\$’000
Interest income	446	1,510
Rental income from investment properties	702	702
	<u>1,148</u>	<u>2,212</u>

**4. Staff costs and remuneration policy**

As at 31 December 2002, the Group had a total of 1,792 (2001: 1,567) full time employees. There have been no significant change in the Group’s employment and remuneration policies for the period under review.

## 5. Profit before taxation

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

	Unaudited Nine months ended 31 December	
	2002	2001
	HK\$'000	HK\$'000
Provision for/(reversal of) long service payments included in staff costs	1,353	(203)
Retirement benefit costs included in staff costs	4,368	4,603
Net exchange losses	504	202
	<u>504</u>	<u>202</u>

## 6. Taxation

	Unaudited Nine months ended 31 December	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	2,510	3,060
Overseas taxation	722	806
Deferred taxation	(161)	–
	<u>3,071</u>	<u>3,866</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.

## 7. Earnings per share

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

	Unaudited Nine months ended 31 December	
	2002	2001
	HK\$'000	HK\$'000
<b>Earnings</b>		
Earnings for the purpose of the calculation of basic and diluted earnings per share	<u>11,116</u>	<u>16,849</u>
<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>4,681,502</u>	<u>3,415,776</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>200,910,502</u>	<u>199,644,776</u>

## 8. Trade receivables

Details of the ageing analysis are as follows:

	<b>Unaudited 31 December 2002 HK\$'000</b>	Audited 31 March 2002 HK\$'000
Current to 30 days	1,205	852
31 to 60 days	69	1,218
Over 60 days	656	172
	<u>1,930</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.

## 9. Trade payables

Details of the ageing analysis are as follows:

	<b>Unaudited 31 December 2002 HK\$'000</b>	Audited 31 March 2002 HK\$'000
Current to 30 days	8,171	5,741
31 to 60 days	3,960	1,872
Over 60 days	204	22
	<u>12,335</u>	<u>7,635</u>

## 10. Reserves

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

	<b>Unaudited 31 December 2002 HK\$'000</b>	Audited 31 March 2002 HK\$'000
Reserves	121,474	114,283
Dividend reserve	3,925	6,868
	<u>125,399</u>	<u>121,151</u>

(b)

	<b>Exchange fluctuation reserve</b> <i>HK\$'000</i>	<b>Contributed surplus</b> <i>HK\$'000</i>	<b>Retained earnings</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2002	69	104,929	16,153	121,151
Profit for the period	–	–	11,116	11,116
2002 final dividend paid	–	–	(6,868)	(6,868)
At 31 December 2002	<u>69</u>	<u>104,929</u>	<u>20,401</u>	<u>125,399</u>

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

	<b>Unaudited 31 December 2002</b> <i>HK\$'000</i>	<b>Audited 31 March 2002</b> <i>HK\$'000</i>
Contracted but not provided for	–	–
Approved but not contracted for	<u>1,548</u>	<u>2,657</u>
	<u>1,548</u>	<u>2,657</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospect

The third quarter result is principally driven by the performance of our normal cake and bread business, as there is no major festive product being launched during this period. With deflation still tainting the local retail market, our marketing strategy has been focused on generating more sale activities within our chain stores. Product lines are being rotationally promoted at very attractive discounts to our customers. Gross sales on year-to-date basis have increased by 2.5%. Nevertheless, our reported turnover dropped slightly by 0.5%, after having adjusted for sale discounts which accounts for 19.9% (2001: 17.5%) of gross sales. Our profit margin has suffered but with our market share increment, we can sustain business amidst a deflationary economy, which will be likely to stay with us for some time. Migration of certain production lines to Shenzhen have raised our production capacity to support more aggressive marketing campaigns while achieved the expected savings on labor costs.

We resumed large-scale cake coupon sales in October 2002 after such campaigns were suspended for five months. The responses were overwhelming and the management believes that consumer confidence has been fully restored on the coupon system.

Our exploration of the PRC retail market is progressing as planned in Guangzhou. We have since expanded our total number of outlets to three.

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

During the period, the Group had released all pledged assets. By resuming cake coupon sales in the third quarter, our cash balance has improved from the interim balance of HK\$61.4 million to HK\$79.6 million while capital outlay for the nine months amounted to HK\$23.7 million and was primarily spent on the migration of production lines to Shenzhen and shop renovations. Apart from that, 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, 24 March 2003

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