



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 2003

RESULTS HIGHLIGHT

	Unaudited Six months ended 30 September		Increase	
	2003 HK\$'000	2002 HK\$'000	HK\$'000	%
Turnover	279,551	251,196	28,355	11.3
Profit attributable to shareholders	19,876	7,845	12,031	153.4

Turnover increased by 11.3% mainly due to successful marketing and promotion strategy while the profit attributable to shareholders had increased by 153.4% as we started to enjoy the full benefits of certain production lines being migrated to Shenzhen.

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 2003 as follows:

Condensed Consolidated Profit and Loss Account

	Note	Unaudited Six months ended 30 September	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	279,551	251,196
Other revenues	3	905	773
Cost of inventories consumed		(84,673)	(74,004)
Staff costs		(85,174)	(81,369)
Operating lease rentals		(24,027)	(24,605)
Depreciation of fixed assets		(15,423)	(13,973)
Other operating expenses		(45,212)	(45,811)
Amortisation of intangible assets		(2,300)	(2,300)
Profit before taxation	4	23,647	9,907
Taxation	5	(3,771)	(2,062)
Profit attributable to shareholders		<u>19,876</u>	<u>7,845</u>
Dividend – interim	6	<u>8,176</u>	<u>3,925</u>
Earnings per share	7		
Basic		10.1 cents	4.0 cents
Diluted		<u>9.9 cents</u>	<u>3.9 cents</u>

Notes:

1. Basis of preparation and accounting policies

The condensed 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 (the "HKSA") 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 2003 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 2003 except that the Group has adopted SSAP 12 (Revised) "Income tax" issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (Revised) has not had material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. Turnover and segment 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 2003			Unaudited Six months ended 30 September 2002		
	Bakery HK\$'000	Eatery HK\$'000	Group HK\$'000	Bakery HK\$'000	Eatery HK\$'000	Group HK\$'000
Turnover	<u>265,405</u>	<u>14,146</u>	<u>279,551</u>	<u>236,878</u>	<u>14,318</u>	<u>251,196</u>
Segment results	<u>22,578</u>	<u>617</u>	<u>23,195</u>	<u>8,043</u>	<u>1,396</u>	9,439
Unallocated revenue			<u>452</u>			<u>468</u>
Profit before taxation			<u>23,647</u>			9,907
Taxation			<u>(3,771)</u>			<u>(2,062)</u>
Profit attributable to shareholders			<u>19,876</u>			<u>7,845</u>
Segment assets	<u>344,861</u>	<u>7,727</u>	<u>352,588</u>	300,319	9,300	309,619
Unallocated assets			<u>10,814</u>			<u>15,086</u>
Total assets			<u>363,402</u>			<u>324,705</u>
Segment liabilities	<u>185,820</u>	<u>6,278</u>	<u>192,098</u>	172,918	5,910	178,828
Unallocated liabilities			<u>10,457</u>			<u>4,126</u>
Total liabilities			<u>202,555</u>			<u>182,954</u>
Capital expenditure	<u>9,737</u>	<u>656</u>	<u>10,393</u>	16,444	243	16,687
Depreciation	<u>14,289</u>	<u>1,134</u>	<u>15,423</u>	13,084	889	13,973
Amortisation charge	<u>2,300</u>	<u>-</u>	<u>2,300</u>	2,300	-	2,300

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

	Unaudited Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000
Hong Kong and Macau	<u>267,584</u>	243,880
PRC	<u>8,688</u>	3,622
Other countries	<u>3,279</u>	<u>3,694</u>
	<u>279,551</u>	<u>251,196</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	
	2003	2002
	HK\$'000	HK\$'000
Interest income	453	305
Rental income from investment properties	452	468
	<u>905</u>	<u>773</u>

4. Profit before taxation

Profit before taxation is stated after charging the following:

	Unaudited	
	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Loss on disposal of fixed assets	343	5
Provision for long service payments included in staff costs	245	1,273
Retirement benefit costs included in staff costs	3,181	2,908
	<u>3,771</u>	<u>4,186</u>

5. Taxation

	Unaudited	
	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	3,185	1,217
Overseas taxation	1,294	1,006
Deferred taxation	(708)	(161)
	<u>3,771</u>	<u>2,062</u>
Taxation charge	<u>3,771</u>	<u>2,062</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 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	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend, declared on 16 December 2003, of HK4 cents (2002: HK2 cents) per ordinary share	<u>8,176</u>	<u>3,925</u>

7. Earnings per share

	Unaudited	
	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of the calculation of basic and diluted earnings per share	<u>19,876</u>	<u>7,845</u>
	2003	2002
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	<u>196,289,864</u>	196,229,000
Effect of dilutive potential ordinary shares	<u>4,784,874</u>	5,090,569
	201,074,738	201,319,569

INTERIM DIVIDEND

The directors have declared an interim dividend of HK4 cents (2002: HK2 cents) per ordinary share for the six months ended 30 September 2003 to shareholders whose names appear in the register of members of the Company on 9 January 2004. The dividend will be payable on or about 28 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 January 2004 to 15 January 2004, 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 9 January 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Hong Kong's economy faced a drastic change during the period. The outbreak of Severe Acute Respiratory Syndrome ("SARS") in March 2003 has tremendously weakened the retail market and our business was also affected. With the winning of the battle over SARS and the announcement by Beijing of various policies favoring Hong Kong in the second quarter of our fiscal year, the economy has begun to rebound. The improved economy coupled with the successful marketing and promotion strategy and improving product quality resulted in moderate growth for our normal cake and bread business while mooncake sales were maintained at last year level. Overall turnover has increased by 11.3%. Our gross profit margin slightly decreased from 70.5% to 69.7% due to the higher discounts offered to customers. Benefits from migration of certain production lines to Shenzhen began to show effect whereby our staff costs increased by a mere 4.7% despite of turnover increase of 11.3%. The outlet image upgrading program is still continued with five more outlets being renovated during the period. The migration of certain production lines to Shenzhen and outlet renovation increased our depreciation charge by 10.4%. Although we gained in total of five outlets, our rental expenses decreased slightly by 2.3% due to certain landlords agreed to temporarily reduce the rental charge during the outbreak of SARS.

The exploration of the PRC market, especially for the festive product, is on schedule. Our mooncake products have obtained various awards such as the 'Famous Mooncake' and 'National Hygiene Quality Standard' issued by the PRC authorities. The turnover generated from the PRC grew by 140%.

Prospect

Although the business sentiment of Hong Kong has improved recently, the management remain cautious as the pressure of rising costs is imminent with prices of commodities jumped against the weak US dollar and the global demand for the Renminbi to revalue.

In September 2003, we agreed to sell an investment property at Hysan Road to a third party. The disposal was completed in November 2003 and the financial effect of this transaction will be recorded in the second half year.

Liquidity and financial resources

As at 30 September 2003, the Group's freehold cash on hand increased by HK\$25.5 million to a record level of HK\$117.7 million (31 March 2003: HK\$92.2 million) with zero gearing. The capital commitment of HK\$28.5 million as at 30 September 2003 included HK\$18.2 million for the purchase of an investment property at Yuen Long while the remaining portion was mainly for the upgrading of our retail networks. All the above projects will be financed internally.

Pledge of assets

No assets were pledged as at 30 September 2003.

Employees

As at 30 September 2003, the Group employed about 1,690 (2002: 1,580) employees. Employees are remunerated based on basic salaries and sales incentives are payable to some operational staff. Bonuses are discretionary in nature and are based on the performance of the employees and the Group. The Company has adopted a share option scheme to provide incentive to working staff.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 September 2003.

Exposure to fluctuations in exchange rates and related hedge

The Group conducts most of its business transactions in currencies of Hong Kong dollars, Pataca and Renminbi. As these currencies were relatively stable during the period, the Group had not exposed to any material currency fluctuation risk during the period.

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 2003.

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 except in relation to guideline No. 7 that the service contracts of non-executive directors were renewed with no specific terms, but they are determinable by either parties with at least one month written notice in advance.

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, 16 December 2003

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