



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 30TH SEPTEMBER 2000

INTERIM RESULTS

The board of directors (the "Board") of Saint Honore Holdings Limited ("the Company") is pleased to announce the unaudited interim results of the Group (as defined hereinafter) as follows:

Consolidated Income Statement For the six months ended 30th September

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	3	236,878	222,827
Costs of sales	4	(100,618)	(94,815)
Other revenues		136,260	128,012
		1,870	464
Staff costs		138,130	128,476
Operating lease rentals		(41,221)	(36,716)
Depreciation of fixed assets		(25,938)	(24,665)
Other operating expenses		(11,164)	(10,473)
		(39,111)	(36,951)
Profit before taxation		20,696	19,671
Taxation	5	(2,619)	(3,448)
Profit attributable to shareholders		18,077	16,223

Earnings per share 6 9.21 cents 8.27 cents

Consolidated Balance Sheet At

	Notes	30th September 2000 HK\$'000	31st March 2000 HK\$'000
Intangible assets		77,364	77,364
Fixed assets	7	179,422	165,038
Current assets			
Inventories		4,867	4,487
Trade receivables	8	4,162	483
Deposits, prepayments and other receivables		22,612	19,710
Amount due from ultimate holding company		8,706	14,588
Bank balances and cash		73,953	53,790
Bank deposits pledged		1,194	1,185
		115,494	94,243
Current liabilities			
Amount due to ultimate holding company		3,000	3,000
Trade payables	9	8,653	7,533
Accrued charges		42,604	38,861
Tax payable		2,326	441
Cake coupon liabilities - current portion		56,560	48,069
		113,143	97,904
Net current assets (liabilities)		2,351	(3,661)
Total assets less current liabilities		259,137	238,741
Shareholders' funds			
Share capital	10	19,623	19,623
Reserves		148,888	130,811
		168,511	150,434
Cake coupon liabilities - non current portion		90,341	87,988
Deferred taxation		285	319
		259,137	238,741

Notes:

- Group Reorganisation and Basis of Preparation**
The Company was incorporated in Bermuda as an exempted company on 21st June 2000 under the Companies Act 1981 of Bermuda.
Pursuant to the reorganisation scheme (the "Reorganisation") which was completed on 25th October 2000 in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21st November 2000, the Company became the holding company of the subsidiaries now comprising the group (collectively known as the "Group"). This was accomplished by transferring to the Company the entire issued capital of Ellham Agents Limited, Bodega Limited and Easywin Limited and capitalising a shareholder loan of HK\$ 11,843,932 in consideration for and in exchange of crediting as fully paid at par the 1,000,000 shares initially issued and the allotment of a further 195,229,000 shares to Hong Kong Catering Management Limited, the ultimate holding company of the Group.
The Reorganisation involved companies under common control and there has been a continuation of the risks and benefits to the ultimate shareholders that existed prior to the Reorganisation. According to the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 27, the Company together with its subsidiaries can be regarded and accounted for as a continuing group as if they had been in existence throughout the year ending 31st March 2001. Accordingly, merger accounting has been used to prepare the interim financial statements of the Group as well as the comparative figures.
- Principal accounting policies**
These unaudited interim accounts are prepared in accordance with SSAP No. 25, "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").
The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the accounts' report as contained in the introduction document dated 30th October 2000 ("Introduction Document") issued by the Company in connection with the introduction of the Company's shares on the Stock Exchange on 21st November 2000 ("Introduction").
- Segmental information**
The principal activity of the Group is to produce and distribute bakery products.
No geographical analysis is provided as less than 10% of the Group's turnover and operating profits are attributable to markets outside Hong Kong.
- Costs of sales**
Direct labour cost and packaging materials have been reclassified respectively from staff costs and other operating expenses to costs of sales.
- Taxation**

	Six months ended 2000 HK\$'000	30th September 1999 HK\$'000
Hong Kong taxation	1,772	2,917
Overseas taxation	880	854
Deferred taxation	(33)	(323)
	2,619	3,448

Provision for Hong Kong profits tax is calculated at 16% (1999:16%) on the estimated assessable profit for the period. Overseas taxation is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the respective jurisdiction.

6. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$18,077,451 (1999: HK\$16,223,346) and on a total of 196,229,000 ordinary shares issued immediately after the Introduction.

7. Capital expenditures

During the period, the Group spent approximately HK\$ 25,984,662 (1999: HK\$ 13,680,000) on properties, leasehold improvements and equipment for expansion of its operation. Pursuant to the Reorganisation, the Group committed on 31st August 2000 to acquire from a fellow subsidiary certain shop premises at their net book value of HK\$ 11,843,932. The acquisition, though was completed on 30th November 2000, had been included as capital expenditure for the period as the purchase consideration would be funded by a shareholder loan which would be capitalised on completion of the Reorganisation.

At 30th September 2000, the net book value of fixed assets pledged as security for the Group's bank loan and other facilities amounted to HK\$10,900,427 (at 31st March 2000: HK\$11,151,372)

8. Trade receivables

Details of the aging analysis are as follows:

	30th September 2000 HK\$'000	31st March 2000 HK\$'000
0-1 month	4,154	160
1-2 months	8	304
Over 3 months	—	19
	4,162	483

The majority of the Group's sales are either on cash basis or through redemption of cake coupons. Credit sales are mainly for certain of its corporate customers with credit terms of 30 days.

9. Trade payables

Details of the aging analysis are as follows:

	30th September 2000 HK\$'000	31st March 2000 HK\$'000
0-1 month	3,639	3,406
1-2 months	4,741	3,639
2-3 months	273	112
Over 3 months	—	376
	8,653	7,533

10. Share capital

Authorised
400,000,000 shares of HK\$0.10 each
40,000
Issued and fully paid
196,229,000 shares of HK\$0.10 each
19,623

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend in respect of the period ended 30th September 2000.

BUSINESS REVIEW AND PROSPECT

Consolidated turnover and profit attributable to shareholders rose respectively by 6.3% and 11.4%. Our profit margin improved modestly from 7.28 % to 7.63% owed largely to increase in interest income on surplus cash held from coupons promotional sales. Compared with last year, there was a net addition of 4 bakeries and 1 eatery bringing the total number of outlets to 68. As a result, our total wage bill increased by approximately 12.3%. Nevertheless, revenue generated from these new outlets was offset to some extent by the decline in normal cake business in existing outlets. Demand for the Group's festive products remained strong. We started distributing mooncakes to Singapore this year as we continue exploring overseas markets for our festive products. Mooncakes command a higher profit margin than normal cake and bread sales. With the Mid Autumn Festival usually falls in the month of September, the first half-year results normally return a better margin.

As a continuous process to streamline the production process, the Group acquired in August 2000 from an independent third party an additional 12,228 sq. ft. of industrial premises in the same building as its existing central workshop in Kwai Chung. The premises will be used for relocation of a bread workshop for Saint Honore presently located in Kowloon Bay and by early 2001, the production facilities in Hong Kong will be grouped together under the same roof. Together with the 2,293 sq. ft. of shop premises acquired from a fellow subsidiary, total expenditure on properties during the period amounted to approximately HK\$ 16.8 million. Concurrently, the Group has committed to acquire another 12,696 sq. ft. of factory space in Shenzhen so as to lift the warehouse capacity of its PRC plant which in the past had relied primarily on premises under short-term leases.

In addition to the future plans as disclosed in the Introduction Document, the Group expanded further on its new concept eatery "EC Eatery" and opened the second shop at Chatham Road, Tsingtaishai in October. The third shop is also underway and will be opened in Causeway Bay by early next year.

On 21st November 2000, the Company succeeded in obtaining a listing status on the Stock Exchange by way of an Introduction. Not only will this exercise add prestige to the brandname "Saint Honore", it also enables the Company to have immediate access to the equity market and facilitate future fund raising exercises should there be further business opportunities for the Group. The costs incurred in connection with the Introduction are estimated to be approximately HK\$ 5.8 million and will be charged to the Company's contributed reserve for the year ending 31st March 2001.

PARTICULARS OF PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no dealings in the Company's securities during the interim period as its shares were not listed on the Stock Exchange until 21st November 2000.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

Obligation for the Company to comply with the Code of Best Practice as set out in Appendix 14 of the Listing Rules did not arise until its shares were listed on the Stock Exchange on 21st November 2000.

AUDIT COMMITTEE

An audit committee was established on 25th October 2000 comprising Dr. Cheung Wai Lam William and Dr. Ho Sai Wah David, the two non-independent directors and Mr. Chan Ka Lai Joseph, a non-executive director with written terms of reference in compliance with the Code of Best Practice as set out in the Listing Rules. The Audit Committee has reviewed with management the accounting principles and practices adapted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th September 2000.

On behalf of the Board
Chan Wai Cheung Glenn
Chairman

Hong Kong, 14th December 2000