



SAINT HONORE HOLDINGS LIMITED

聖安娜控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 192)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

RESULTS HIGHLIGHT

	Unaudited Six months ended 30 September		Increase/(decrease)	
	2004 HK\$'000	2003 HK\$'000	HK\$'000	%
Turnover	298,125	279,551	18,574	6.6
Profit before taxation and exceptional gain on property disposal	23,509	23,647	(138)	(0.6)
Exceptional gain on property disposal	26,113	–	26,113	N/A
Profit before taxation	49,622	23,647	25,975	109.8

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 2004 as follows:

**Consolidated Profit and Loss Account
For the six months ended 30 September 2004**

		Unaudited	
		Six months ended	
		30 September	
		2004	2003
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	298,125	279,551
Other revenues	3	27,085	905
Cost of inventories consumed		(94,298)	(84,673)
Staff costs		(89,023)	(85,174)
Operating lease rentals		(26,424)	(24,027)
Depreciation of fixed assets		(14,500)	(15,423)
Other operating expenses		(49,043)	(45,212)
Amortization of intangible assets		(2,300)	(2,300)
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Profit before taxation	4	49,622	23,647
Taxation	5	(8,881)	(3,771)
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Profit attributable to shareholders		40,741	19,876
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Dividend – interim	6	10,578	8,176
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Earnings per share	7		
Basic		19.3 cents	10.1 cents
Diluted		19.1 cents	9.9 cents
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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 25, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public 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 2004 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 2004.

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 2004			Unaudited Six months ended 30 September 2003		
	Bakery HK\$'000	Eatery HK\$'000	Group HK\$'000	Bakery HK\$'000	Eatery HK\$'000	Group HK\$'000
Turnover	282,903	15,222	298,125	265,405	14,146	279,551
Segment results	21,985	666	22,651	22,578	617	23,195
Unallocated revenue			26,971			452
Profit before taxation			49,622			23,647
Taxation			(8,881)			(3,771)
Profit attributable to shareholders			40,741			19,876
Segment assets	412,826	8,107	420,933	344,861	7,727	352,588
Unallocated assets			1,621			10,814
Total assets			422,554			363,402
Segment liabilities	198,381	5,079	203,460	185,820	6,278	192,098
Unallocated liabilities			10,613			10,457
Total liabilities			214,073			202,555
Capital expenditure	16,613	83	16,696	9,737	656	10,393
Depreciation	13,613	887	14,500	14,289	1,134	15,423
Amortization charge	2,300	-	2,300	2,300	-	2,300

Unallocated revenue included a gain on disposal of a property amounting to HK\$26.1 million.

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

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
Hong Kong and Macau	279,702	267,584
PRC	14,861	8,688
Other countries	3,562	3,279
	<u>298,125</u>	<u>279,551</u>

No geographical analysis in respect of consolidated results is provided as less than 10% of the consolidated results of the Group is attributable to markets outside Hong Kong and Macau.

3. Other revenues

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
Net gain on disposal of property	26,113	–
Interest income	114	453
Rental income from investment properties	–	452
Rental income from other properties	858	–
	<u>27,085</u>	<u>905</u>

4. Profit before taxation

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

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
(Gain)/loss on disposal of other fixed assets	(20)	343
Provision for long service payments included in staff costs	246	245
Retirement benefit costs included in staff costs	3,558	3,181
	<u>3,784</u>	<u>3,769</u>

5. Taxation

	Unaudited Six months ended 30 September	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	2,992	3,185
Overseas taxation	6,305	1,294
Deferred taxation	(416)	(708)
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Taxation charge	8,881	3,771

Hong Kong profits tax has been provided at the rate of 17.5% (2003:17.5%) 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	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interim dividend, declared on 9 December 2004, of HK5 cents (2003: HK4 cents) per ordinary share	10,578	8,176

7. Earnings per share

	Unaudited Six months ended 30 September	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of the calculation of basic and diluted earnings per share	40,741	19,876

	2004	2003
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	211,484,432	196,289,864
Effect of dilutive potential ordinary shares	1,886,711	4,784,874
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Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	213,371,143	201,074,738
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INTERIM DIVIDEND

The directors have declared an interim dividend of HK5 cents (2003: HK4 cents) per ordinary share for the six months ended 30 September 2004 to shareholders whose names appear in the register of members of the Company on 7 January 2005. The dividend will be payable on or about 26 January 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 January 2005 to 13 January 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 7 January 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Consolidated net turnover grew by 6.6% mostly driven by sales of festive products as the economy started to pick up. Festive products which accounted for slightly over 20% of our bakery sales recorded a year-on-year growth of 28% with the PRC market by itself grew 78%. Mooncakes remained to be our best performing festive products following the introduction of the new "Snowy Mooncake" series and our continuous effort to improve on quality. Normal bakery business remains relatively steady.

During the past half year, we inevitably had to pass on to our customers a portion of the cost burden coming from double-digit price increases for our major raw materials by cutting back discounts and promotional offers. Despite

that, our gross margin still reduced by 1.3% as compared to the same period last year. Rental expenses increased by 10% partly due to increase in the number of outlets and partly due to the absence of rental concession offered by landlords during the SARS period last year. We have increased our marketing efforts to promote mooncakes and other new products and which inevitably led to increased promotional expenses. The inflation that started since end of last year also pushed up other operating expenses.

Included in other revenues is an exceptional gain of HK\$26.1 million following the completion of the property disposal in Macau in August 2004. This profit will be subject to Macau's profit tax and an amount of HK\$4.1 million has been provided as additional taxation charge. Part of the sale proceed has been set aside for setting up a new centralized workshop and expanding the sales network to cope with local flourishing business.

Prospect

Hong Kong is returning to an inflationary economy. This latest round of price increase has been largely fueled by escalating property and fuel prices while wage costs are still being kept at bay. Thus local consumer spending is not picking up at the same pace as rising costs. In view of rising property prices and rental costs, we will be prudent in opening new stores in Hong Kong. We will continue to improve on store-by-store basis the performance of existing outlets through cost control, productivity enhancement and product variety improvement. Our newly introduced Chinese bread series have been well received by customers. More shops will be selected for sales of this new product line. Our existing shop renovation plan will continue upon tenancy renewal to give our shops a more trendy and brighter look.

Macau's economy has benefited from the burgeoning gambling and tourist related industries. There has been steady growth recorded from the 2 existing outlets. With the completion of our new factory around end of year 2004, we can expand the retail network there by opening another 4-5 outlets within the next 12 months.

The Group is now operating a total of 4 bakeries in Guangzhou. There is definite plan to open more outlets if appropriate sites can be secured. The presence of those prominent outlets will definitely help the sales and promotion of our festive products such as mooncakes and Chinese New Year puddings.

With the encouraging result of the sales of our festive products, the management will allocate more resources to product development and facilities enhancement so as to support a more aggressive sales plan for the next season. Our mooncakes have been well received in the PRC market and we will continue to expand our sales channels and product variety with a view to capture a greater share of the huge domestic market in China.

Liquidity and financial resources

The Group's cash increased steadily and as at 30 September 2004 the freehold cash on hand amounted to HK\$170.5 million (31 March 2004: HK\$131.0 million) with zero gearing. The capital commitment of HK\$51.4 million as at 30 September 2004 are mainly for expanding the production facilities and enhancing the retail networks. All these projects will be financed internally.

Pledge of assets

No assets were pledged throughout the period.

Employees

As at 30 September 2004, the Group had hired about 1,970 (2003: 1,690) full time employees. Employees' remuneration package was determined with references to prevailing market practices and individual performance. Remuneration package include basic salaries, sales incentives which are only payable to some operational staff, medical and retirement benefit schemes. Discretionary bonus may be granted to eligible employees based on the performance of individual employees and the Group.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 September 2004.

Exposure to fluctuations in exchange rates and related hedges

The Group conducts most of its business transactions in currencies of Hong Kong dollars and Renminbi ("RMB"). To reduce the Group's exposure to the speculation of RMB revaluation around two years ago, we have taken out forward contracts to cover regular payments in this currency. As at 30 September 2004, the Group has committed in RMB forward contracts which amounted to HK\$17.5 million which will expire within this financial year (31 March 2004: HK\$23 million).

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.

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 (the “Code”) as set out in Appendix 14 of the Listing Rules except in relation to guideline No. 7 that the service contracts of non-executive directors were renewed with no specific tenure, but they are determinable by either party with at least one month written notice in advance.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code and comprises 4 non-executive directors. 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. It has also reviewed the Group’s unaudited interim accounts for the six months ended 30 September 2004.

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, 9 December 2004

As at the date of this announcement, the Board comprises five executive directors, namely: Mr. Chan Wai Cheung, Glenn, Mr. Shum Wing Hon, Mrs. Chan Wong Man Li, Carrina, Mr. Chan Ka Shun, Raymond and Mr. Wong Chung Piu, Billy, two non-executive directors, namely: Mr. Chan Ka Lai, Joseph and Mrs. Chan King Catherine, and three independent non-executive directors, namely: Dr. Cheung Wai Lam, William, Dr. Ho Sai Wah, David and Mr. Bingley Wong.

“Please also refer to the published version of this announcement in China Daily.”