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 2005

RESULTS HIGHLIGHT

	Unaudited Six months ended 30 September			
	2005	2004	**Increase/(decrease)**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Turnover	**315,587**	298,125	17,462	5.9
Profit before taxation and (loss)/gain on properties disposal	**25,134**	23,509	1,625	6.9
(Loss)/gain on properties disposal	**(307)**	26,113	(26,420)	(101.2)
Profit before taxation	**24,827**	49,622	(24,795)	(50.0)

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 2005 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2005

		Unaudited Six months ended 30 September	
			(Restated)
		2005	2004
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**315,587**	298,125
Other revenues	*4*	**1,543**	972
Cost of inventories consumed		**(105,686)**	(94,298)
Staff costs		**(90,318)**	(89,023)
Operating lease rentals		**(27,560)**	(27,252)
Depreciation of fixed assets		**(13,488)**	(13,672)
Other operating expenses		**(52,644)**	(49,043)
Amortization of intangible assets		**(2,300)**	(2,300)
(Loss)/gain on disposal of properties		**(307)**	26,113
Profit before taxation	*5*	**24,827**	49,622
Taxation	*6*	**(5,102)**	(8,881)
Profit attributable to equity holders of the Company		**19,725**	40,741
Dividends	*7*	**8,696**	10,578
Earnings per share	*8*		
Basic		**9.3 cents**	19.3 cents
Diluted		**9.2 cents**	19.1 cents

CONSOLIDATED BALANCE SHEET
As at 30 September 2005

	Note	Unaudited 30 September 2005 HK$'000	Audited (Restated) 31 March 2005 HK$'000
Non-current assets			
Trademarks		**25,300**	27,600
Fixed assets		**141,969**	134,491
Leasehold land and land use rights		**75,010**	74,398
Deposits for purchase of properties		**–**	3,576
Held-to-maturity investments		**3,881**	–
Rental deposits paid		**12,098**	11,531
Deferred tax assets		**939**	2,392
		259,197	253,988
Current assets			
Inventories		**10,186**	10,105
Trade receivables	*9*	**17,350**	4,752
Deposits, prepayments and other receivables		**16,772**	13,715
Taxation recoverable		**58**	998
Cash and cash equivalents		**143,191**	129,558
		187,557	159,128
Current liabilities			
Amount due to the intermediate holding company		**1,271**	4,980
Trade payables	*10*	**23,916**	14,550
Other payables and accrued charges		**56,232**	46,107
Taxation payable		**7,222**	6,527
Cake coupon liabilities		**132,537**	116,490
		221,178	188,654
Net current liabilities		**(33,621)**	(29,526)
Total assets less current liabilities		**225,576**	224,462
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		**21,336**	21,156
Reserves		**187,754**	176,005
Dividend reserve		**8,534**	19,040
Total equity		**217,624**	216,201
Non-current liabilities			
Rental deposits received		**118**	71
Provision for long service payments		**6,234**	6,199
Deferred tax liabilities		**1,600**	1,991
		7,952	8,261
		225,576	224,462

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated interim accounts should be read in conjunction with the 2004/05 annual accounts.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and HKAS ("New HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

The changes to the Group's accounting policies and the effect of adopting these New HKFRS are set out in note 2 below.

2. Changes in principal accounting policies

In accounting period commencing 1 April 2005, the Group adopted the New HKFRS below, which are relevant to its operations. The 2004/05 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int15	Operating leases – Incentives
HK-Int 4	Leases-Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKFRS 2	Share-based Payment

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 24, 27, 33, 36, 38 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of cake coupon liabilities.

– HKASs 2, 7, 8, 10, 16, 21, 27, 33, 36, 38 and HKAS-Int 15 had no material effect on the Group's policies.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The following is a summary of material changes in principal policies or presentation of accounts as a result of the adoption of the New HKFRS with rationale explained below:

(i) *HKAS 1*

HKAS 1 has affected the presentation of cake coupon liabilities. In prior years, the estimated value of cake coupons which were expected to be redeemed in the next twelve months was classified as current liabilities on the balance sheet. Upon the adoption of HKAS 1, the whole amount of cake coupon liabilities is classified as current liabilities, as the Group does not have an unconditional right to defer settlement of the cake coupon liability.

(ii) *HKAS 17*

In prior years, the Group's leasehold land and buildings for own use were accounted for as finance leases and were stated at cost less accumulated depreciation and accumulated impairment losses. Upon the adoption of HKAS 17 on 1 April 2005, the Group's leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest on any buildings situated on the leasehold land could be split reliably from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group. In case the two elements cannot be allocated reliably, the entire lease is classified as a finance lease and carried at cost less accumulated depreciation and accumulated impairment losses. The land premium paid for distinguishable leasehold land is accounted for as an operating lease and amortized on a straight-line basis over its unexpired lease term. The new accounting policy has been applied retrospectively to the extent that results in the reclassification of certain leasehold interest in land previously included in "fixed assets" as "other properties" with the comparatives restated to conform to the current period's presentation. This change has no significant impact on the Group's results and equity.

(iii) *HKASs 32 and 39*

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. In accordance with HKAS 39, these investments were classified as held-to-maturity investments and stated in the consolidated balance sheet at amortized cost.

(iv) *HKFRS 2*

The Group adopted the transitional provisions of HKFRS 2 whichs applies to grants of shares, share options or other equity instruments that were granted after 7 November 2002 and had not yet vested at the effective date of the HKFRS 2, the accounting periods commencing on or after 1 January 2005. As the unexercised share options of the Group were granted before 7 November 2002 and were fully vested before our accounting period commencing 1 April 2005, there is no impact of adopting HKFRS 2 on the balance sheet and profit and loss account.

The following is a summary of effect of adopting the New HKFRS on major items in the condensed consolidated accounts:

	Increase/(decrease) Effect of adopting HKASs 16 and 17 *HK$'000*
As at 30 September 2005	
Non-current assets	
Fixed assets	(75,010)
Leasehold land and land use rights	75,010
Effect on non-current assets	–
For six months ended 30 September 2005	
Operating expenses	
Operating lease rentals	851
Depreciation of fixed assets	(851)
Effect on operating profit	–

	Increase/(decrease) Effect of adopting HKASs 16 and 17 *HK$'000*
As at 31 March 2005	
Non-current assets	
Fixed assets	(74,398)
Leasehold land and land use rights	74,398
Effect on non-current assets	–
For six months ended 30 September 2004	
Operating expenses	
Operating lease rentals	828
Depreciation of fixed assets	(828)
Effect on operating profit	–

3. Turnover and segment information

For management purpose, the Group is currently organized into 2 main business segments - bakery and eatery.

- Bakery – manufacturing and retailing of bakery products
- Eatery – operating eateries

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

	Unaudited			Unaudited (Restated)		
	Six months ended 30 September 2005			Six months ended 30 September 2004		
	Bakery	**Eatery**	**Group**	Bakery	Eatery	Group
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**301,682**	**13,905**	**315,587**	282,903	15,222	298,125
Segment results	**24,827**	**(539)**	**24,288**	48,098	666	48,764
Unallocated revenue			**539**			858
Profit before taxation			**24,827**			49,622
Taxation			**(5,102)**			(8,881)
Profit attributable to equity holders of the Company			**19,725**			40,741

Segment results of bakery business included a net loss on disposal of a self-occupied property amounting to HK$0.3 million (2004: net gain of HK$26.1 million).

4. Other revenues

	Unaudited Six months ended 30 September	
		(Restated)
	2005	2004
	HK$'000	*HK$'000*
Interest income	**1,004**	114
Rental income from other properties	**539**	858
	1,543	972

5. Profit before taxation

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

	Unaudited Six months ended 30 September	
	2005	2004
	HK$'000	*HK$'000*
Amortization of prepaid rent on leasehold land and land use rights included in operating lease rental	**851**	828
Loss/(gain) on disposal of other fixed assets	**253**	(20)
Provision for long service payments included in staff costs	**191**	246
Retirement benefit costs included in staff costs	**3,670**	3,558

6. Taxation

	Unaudited Six months ended 30 September 2005 HK$'000	2004 HK$'000
Current taxation		
Hong Kong profits tax	**1,835**	2,992
Overseas taxation	**2,205**	6,305
Deferred taxation	**1,062**	(416)
Taxation charge	**5,102**	8,881

Hong Kong profits tax has been provided at the rate of 17.5% (2004:17.5%) 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.

7. Dividends

	Unaudited Six months ended 30 September 2005 HK$'000	2004 HK$'000
Under-provision of dividend in previous year	**162**	–
Interim dividend, declared on 12 December 2005, of HK4 cents (2004: HK5 cents) per ordinary share	**8,534**	10,578
	8,696	10,578

8. Earnings per share

	Unaudited Six months ended 30 September 2005 HK$'000	2004 HK$'000
Earnings		
Earnings for the calculation of basic and diluted earnings per share	**19,725**	40,741

	2005	2004
Number of shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	**212,117,656**	211,484,432
Effect of dilutive potential ordinary shares	**1,644,731**	1,886,711
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**213,762,387**	213,371,143

9. Trade receivables

Details of the ageing analysis are as follows:

	Unaudited 30 September 2005 *HK$'000*	Audited 31 March 2005 *HK$'000*
Current to 30 days	**12,992**	3,382
31 to 60 days	**3,070**	202
Over 60 days	**1,288**	1,168
	17,350	4,752

The majority of the Group's sales are conducted in cash or through redemption of cake coupons. Credit sales are mainly to certain corporate customers for purchases of normal bakery products and cake coupons or festive products and they are normally granted respectively with credit terms of 30 days or 61 to 120 days. Overseas corporate customers are generally requested to pay advanced deposits in the amount of 20% to 30% to their estimated purchase values.

The increase in trade receivables from the March balance merely reflects the seasonality trend with the September balance normally includes unsettled accounts from sales of festive products.

10. Trade payables

Details of the ageing analysis are as follows:

	Unaudited 30 September 2005 *HK$'000*	Audited 31 March 2004 *HK$'000*
Current to 30 days	**11,832**	11,138
31 to 60 days	**7,108**	1,673
Over 60 days	**4,976**	1,739
	23,916	14,550

The increase in trade payables from the March balance is for the similar reason as mentioned in note 9 for trade receivables.

RESULTS

Consolidated turnover increased by 5.9% to HK$315.6 million (2004: HK$298.1 million) while the profit attributable to equity holders of the Company decreased to HK$19.7 million (2004: HK$40.7 million including the after tax effect of a gain on disposal of a property amounted to HK$22.0 million.)

INTERIM DIVIDEND

The directors have declared an interim dividend of HK4 cents (2004: HK5 cents) per ordinary share for the six months ended 30 September 2005. The dividend will be payable to the shareholders whose names appear in the register of members of the Company on 6 January 2006. The dividend will be payable on or about 25 January 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 January 2006 to 12 January 2006, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 6 January 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

As the economy of Hong Kong has exhibited a positive recovery, our consolidated turnover increased by 5.9% while our profit before taxation increased by 6.9% when discounting the effect on gain/(loss) from disposal of properties. The turnover of our core cake and bread business recorded a moderate growth rate of 6.4% mainly due to the double-digit business growth in Macau and PRC markets. Our festive products turnover grew by 7.6% boosted by the growth in Macau and PRC markets. The booming economy inevitably led to price inflation of our raw materials with the increase closed to double-digit against last year. Despite the efforts of the management to streamline production processes, our gross profit margin was eroded by 1.9% as a result.

During the period we have closed 4 bakery outlets in Hong Kong upon lease expiries that were either not profitable or the indicated new rentals were not affordable. On the other hand, we have opened 5 new ones at strategic locations. Our Tsim Sha Tsui EC Eatery was closed down at lease expiry as the landlord had decided on a tenant mix change. The Group will continue look for suitable sites to open new eatery outlets with more variety of sumptuous gourmet.

Prospect

Looking ahead, the coming period will post more challenges to us as rising interest rate and high oil price will inevitably affect local consumption power. Market rental and staff wages will continue to add cost pressure. Price and product range are still the prime factors in the buying decision of our customers. As there is not much room to increase price, we can only combat the raw material cost issue. We have set up a purchasing task force in China to source for new and substituting raw materials locally so as to safeguard our profit margin from further erosion. The Group will strive to optimize the efficiency of our business processes. To this end, we have commissioned a consultancy project to assess our existing capabilities and major business processes with an aim to streamline our supply chain and the ultimate objective of sharpening our business competitive edge.

The retail recovery has brought along an influx of new bakery chains in the past two years and intensifying the already highly competitive environment. In view of this, the Group needs to adopt a range of different strategies including the launch and promotion of different product varieties. To capture the fad of the recent uprising coffee drinking habit, we have recently introduced a new coffee concept "Premio d' Italia" at our Man Yee outlet and will extend this new product line to other outlets at commercial zone. "Premio d' Italia" is the top of the line product of Canterbury Coffee Incorporation, the largest specialty coffee roaster of Western Canada.

As Hong Kong bakery market is already very saturated, Macau and PRC will be our major source of growth. We have opened 2 new outlets in Macau during the first half of the financial year with 2 to 3 more coming along to capture the growing market there. This also will maximize the production efficiency of our recently established central workshop in Macau. The China retail market continues to look robust with a middle-class group swelling and household income increasing. Apart from the organic growth of adding outlets, we will consider buying our way to tap the huge consumer market by acquiring or joint venture with existing local companies.

Liquidity and financial resources

The Group's cash increased steadily and as at 30 September 2005 the freehold cash on hand amounted to HK$143.2 million (31 March 2005: HK$129.6 million) with zero gearing. The capital commitment of HK$17.5 million as at 30 September 2005 are mainly for the expansion of production facilities and also for enhancing the retail networks, especially in Macau and PRC. All these projects will be financed internally.

Pledge of assets

No assets were pledged throughout the period.

Employees

At 30 September 2005, the Group hired 1,950 (31 March 2005: 1,970) full time employees of which 786 (31 March 2005:720) staff were based in PRC and Macau. Employees' remuneration package was determined with references to prevailing market practices and individual performance. Remuneration package includes 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 the Group and individual employees.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 September 2005.

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 hedge the Group's exposure to RMB revaluation, we have taken out forward contracts to cover regular payments in this currency. As at 30 September 2005, the Group has committed in deliverable RMB forward contracts which amounted to HK$23.0 million (31 March 2005: Nil).

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 ON CORPORATE GOVERNANCE PRACTICES

Throughout the period, the Company was in compliance with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except the followings:

1. The non-executive directors ("NEDs") and independent non-executive directors ("INEDs") are not appointed with specific term as required by code provision A.4.1, but their appointments are determinable by either party with at least one month written notice in advance. The Board considers the one-month notice period for termination of NEDs' and INED's contracts provided adequate protection to either party and would not impose undue pressure of possible compensation liable by the Group for the termination. Besides, NEDs and INED's are also subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

2. A special resolution was passed in the annual general meeting held on 8 September 2005 to amend the Bye-laws whereby all directors including the Chairman and Managing Director of the Company who were previously exempted are now subject to retirement by rotation and re-election.

3. The Board is in the opinion that establishment of a remuneration committee as required by code provision B.1.1 is not justified after due consideration of the size of the Group and the associated costs involved.

4. In July 2005, the Audit Committee ratified its scope of duties by formally adopting the terms of reference according to the requirements as set out in the code provision C.3.3. The terms of reference of the Audit Committee will be post on the Company's website by the end of the year as required by code provision C.3.4.

5. The disclosure requirements as set out in the CG Code in relation to Corporate Governance Report (the "CG Report") will be fulfilled when CG Report is to be issued and included in the 2005/06 annual report.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The directors confirmed that they had complied with the required standards of the Model Code and its code of conduct throughout the six months ended 30 September 2005.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed with the management the Group's unaudited interim accounts for the six months ended 30 September 2005 and has also discussed the internal control, the accounting principles and practices adopted by the Group.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraph 46(1) to 46(9) 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, 12 December 2005

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"