

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Saint Honore Holdings Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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SAINT HONORE HOLDINGS LIMITED
聖安娜控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 192)

DISCLOSEABLE TRANSACTION
SALE OF PROPERTY

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the provisional agreement for sale and purchase dated 28 May 2004 entered into between the Vendor and the Purchaser in respect of the Disposal
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Company”	Saint Honore Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement which is expected to take place on or before 16 August 2004
“Consideration”	HK\$36,300,000, being the cash consideration for the sale of the Property under the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HKCM”	Hong Kong Catering Management Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 June 2004
“License Agreement”	a license agreement to be entered into between the Purchaser and the Vendor upon Completion whereby the Purchaser as licensor will grant the right to use the Property to the Vendor for a three months period commencing on the date of Completion subject to renewal for a further three months on the same terms upon the expiry of the first three months period

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Shop A on Basement, Ground Floor and Cockloft, Hang Yau Building, Nos. 16A-16C Rua de S. Domingos, Macau
“Purchaser”	Maxon International Holdings Limited, a company beneficially owned by independent third party not connected with any of the directors, substantial shareholders or chief executive of the Company or any of its subsidiaries or any of their respective associates
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Saint Anna Cake Shop (Macau) Limited, a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



SAINT HONORE HOLDINGS LIMITED

聖安娜控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 192)

Executive Directors:

Mr. Chan Wai Cheung, Glenn (*Chairman*)
Mr. Shum Wing Hon (*Deputy Chairman*)
Ms. Wong Man Li, Carrina (*Managing Director*)
Mr. Chan Ka Shun, Raymond
Mr. Wong Chung Piu, Billy

Non-executive Directors:

Mr. Chan Ka Lai, Joseph
Mrs. Chan King Catherine

Independent non-executive Directors:

Dr. Cheung Wai Lam, William
Dr. Ho Sai Wah, David
Mr. Bingley Wong

To the Shareholders

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

5th Floor
Express Industrial Building
43 Heung Yip Road
Wong Chuk Hang
Hong Kong

21 June 2004

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION SALE OF PROPERTY

INTRODUCTION

On 1 June 2004, the Board announced that the Vendor, a wholly owned subsidiary of the Company had on 28 May 2004 entered into the Agreement with the Purchaser for the disposal of the Property at a consideration of HK\$36,300,000.

The net proceeds from the Disposal will be used partly for the expansion of the Group's business in Macau and partly for general working capital of the Group. The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser and the Directors consider that the terms of the Agreement are fair and reasonable.

LETTER FROM THE BOARD

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with the details of the Disposal.

As the Company is a non-wholly owned subsidiary of HKCM, the Disposal also constitutes a discloseable transaction for HKCM under the Listing Rules. A circular has been prepared and despatched by HKCM to inform its shareholders about the Disposal as required under the Listing Rules.

PARTICULARS OF THE AGREEMENT

Date of the Agreement: 28 May 2004

Parties:

Vendor : Saint Anna Cake Shop (Macau) Limited, a wholly owned subsidiary of the Company. The principal business of the Company and its subsidiaries is the operation of bakeries, eateries and property investments.

Purchaser : Maxon International Holdings Limited. The Purchaser is a company incorporated in Hong Kong and is an investment holding company. Both the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected person(s) (as defined in the Listing Rules) of the Company.

ASSETS TO BE DISPOSED OF

Shop A on Basement, Ground Floor and Cockloft, Hang Yau Building, Nos. 16A-16C Rua de S. Domingos, Macau. The Property is sold free from mortgages and encumbrances. The Property is currently used by the Vendor for its bakery business.

CONSIDERATION

The consideration for the Disposal is HK\$36,300,000 which has been/will be payable in cash in the following manners:

1. an initial deposit of HK\$6,000,000 has been paid by the Purchaser to the Vendor upon the signing of the Agreement;
2. a further deposit in the sum of HK\$1,260,000 has been paid by the Purchaser to the Vendor upon the signing of the formal agreement for sale and purchase on 16 June 2004; and
3. the balance of the cash consideration in the sum of HK\$29,040,000 will be paid upon Completion of the Disposal.

LETTER FROM THE BOARD

The Consideration was arrived at by the parties through arm's length negotiation between the Vendor and the Purchaser with reference to the current market price of the properties in the same area of the Property in the last two weeks prior to the date of the Agreement.

The Directors consider the Consideration to be fair and reasonable and in the best interests of the Shareholders. Even though the Directors did not get any advice relating to the current market price, the Directors were informed by the property agent through whom the transaction was introduced that the Consideration represents the current market price in the area where the Property is located. The Directors believe that the Consideration is comparable to the current market price in the area. The net book value of the Property is approximately HK\$10,000,000 as at 31 May 2004. No independent valuation of the Property has been made by the Company. The profit before tax arises from the Disposal is approximately HK\$25,000,000. The Property was acquired by the Vendor back in 1992 at a price of approximately HK\$12,500,000.

USE OF SALES PROCEEDS

After the Disposal, the Company intends to buy a bakery factory in Macau and expand its retail network in Macau. The net sales proceeds from the Disposal of approximately HK\$35,000,000 will be used as to approximately HK\$15,000,000 for acquiring a production site as bakery factory and renting premises as bakery retail shops in Macau while the remaining HK\$20,000,000 will be used as general working capital of the Group.

COMPLETION

Completion shall take place on or before 16 August 2004 whereby the Property will be assigned from the Vendor to the Purchaser.

LICENSE AGREEMENT

To ensure smooth transition of the Vendor's existing bakery business in the Property to other locations in Macau, the Purchaser will enter into a License Agreement with the Vendor on Completion whereby the Purchaser as licensor will grant the right to use the Property to the Vendor as licensee for a three months' period commencing from 16 August 2004 to 15 November 2004 at a license fee of HK\$200,000 per month. Upon the expiry of the three months period, the Vendor has the option to renew the license for a further three months commencing from 16 November 2004 to 15 February 2005 at the same license fee. The Directors consider the license fee to be fair and reasonable and represents the market price in the same location as the Property in the last two weeks prior to the date of the Agreement.

LETTER FROM THE BOARD

INFORMATION ABOUT THE VENDOR

Saint Anna Cake Shop (Macau) Limited is a bakery operating company incorporated in Macau with limited liability and whose entire issued share capital is beneficially owned by the Company.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the bakery and eatery businesses and property investments.

REASONS FOR THE DISPOSAL

The Board considers it is an appropriate time to realize the capital gain accrued on the Property from the recent market boom. The Board considers that the Consideration is fair and reasonable and the Disposal of the Property is in the best interests of the Company and its Shareholders as a whole. The Agreement contains normal commercial terms and the Consideration was arrived at on arm's length basis.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Saint Honore Holdings Limited
Wong Tsui Yue, Lucy
Company Secretary

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which make any statement herein misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the following Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them was taken or deemed to have under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Name of company	Name of director	Number of ordinary shares held			Number of underlying ordinary shares held under equity derivatives	Total number of shares interested or deemed to be interested (long position)	Percentage of shareholding %
		Personal interest (Note b)	Family interest	Trust interest			
The Company	Chan Wai Cheung, Glenn	-	-	146,485,250 (Note a)	-	146,485,250	69.27
	Chan King Catherine	-	146,485,250 (Note a)	-	-	146,485,250	69.27
	Chan Ka Lai, Joseph	182,000	-	146,485,250 (Note c)	-	146,667,250	69.36
	Chan Ka Shun, Raymond	162,500	-	146,485,250 (Note c)	2,600,000 (Note d)	149,247,750	70.58
	Wong Man Li, Carrina	968,000	-	-	-	968,000	0.46
HKCM	Chan Wai Cheung, Glenn	-	-	183,658,609 (Note e)	-	183,658,609	55.83
	Chan King Catherine	-	183,658,609 (Note e)	-	-	183,658,609	55.83
	Chan Ka Lai, Joseph	1,200,000	-	183,658,609 (Note c)	3,000,000 (Note f)	187,858,609	57.11
	Chan Ka Shun, Raymond	650,000	-	183,658,609 (Note c)	-	184,308,609	56.03

Notes:

- (a) These shares are held by Well-Positioned Corporation (“Well-Positioned”), a company beneficially owned by a trust established for the benefit of the family members of Mr. Chan Wai Cheung, Glenn and Mrs. Chan King Catherine in the following manner:

	Number of Shares held
The Shares held by Well-Positioned as beneficial owner	28,457,152
The Shares held by Well-Positioned through HKCM’s wholly owned subsidiary, Albion Agents Limited (“Albion”)	<u>118,028,098</u>
	<u><u>146,485,250</u></u>

Mr. Chan Wai Cheung, Glenn is interested in these shares in the capacity as founder of the trust and Mrs. Chan King Catherine, being the spouse of Mr. Chan Wai Cheung, Glenn is also deemed to be interested in these shares.

- (b) These shares are held by the directors as beneficial owners.
- (c) Mr. Chan Ka Lai, Joseph and Mr. Chan Ka Shun, Raymond, being the eligible beneficiaries of the family trust established by Mr. Chan Wai Cheung, Glenn, are also deemed to be interested in the shares held by Well-Positioned.
- (d) These are underlying shares in respect of share options granted under the share option scheme of the Company adopted on 25 October 2000. The aforesaid interests are held by Mr. Chan Ka Shun, Raymond as beneficial owner.
- (e) These shares are held by Well-Positioned and being the founder of the trust, Mr. Chan Wai Cheung, Glenn has the trust interest in HKCM, Mrs. Chan King Catherine, being the spouse of Mr. Chan Wai Cheung, Glenn is also deemed to be interested in these shares.
- (f) These are underlying shares in respect of share options granted under the share option scheme of the ultimate holding company, HKCM adopted on 13 March 2000. The aforesaid interests are held by Mr. Chan Ka Lai, Joseph as beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them was taken or deemed to have under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and

3 of Part XV of the SFO, or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

Name of substantial shareholders	Number of Shares held	Percentage of shareholding %
Albion	118,028,098	55.82
HKCM (<i>Note a</i>)	118,028,098	55.82
Well-Positioned (<i>Note b</i>)	146,485,250	69.27

Notes:

- (a) Albion was wholly owned by HKCM, hence HKCM has a deemed interest in 118,028,098 Shares by virtue of its interest in the shares of Albion.
- (b) It included the interest held by HKCM through its wholly owned subsidiary, Albion, so Well-Positioned also had a deemed interest in 118,028,098 Shares by virtue of its interest in the shares of HKCM. Together with the interest in 28,457,152 Shares directly held by Well-Positioned as beneficial owner, Well-Positioned has a total interest of 146,485,250 Shares in the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or any options in respect of such capital.

4. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors have any existing or proposed service contract with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

None of the Directors and their respective associates (as defined in the Listing Rules) have any interest in a business, which competes or may compete with the business of the Group.

7. GENERAL

- (a) The secretary and the qualified accountant of the Company is Ms. Wong Tsui Yue, Lucy, a fellow member of the Hong Kong Society of Accountants and an associate member of the Institute of Chartered Accountants in Australia.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at 5th Floor, Express Industrial Building, 43 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.