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**CONVENIENCE RETAIL ASIA LIMITED**

利亞零售有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 8052)

**SAINT HONORE HOLDINGS LIMITED**

聖安娜控股有限公司

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 192)

**JOINT ANNOUNCEMENT**

**PROPOSED TAKEOVER BY  
CONVENIENCE RETAIL ASIA LIMITED**

**OF**

**SAINT HONORE HOLDINGS LIMITED**

**BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 99 OF THE COMPANIES ACT)  
WITH CANCELLATION CONSIDERATION OF  
CASH OF HK\$2.95 FOR EVERY SCHEME SHARE  
OR**

**ONE CRA SHARE PLUS CASH OF HK\$2.95  
FOR EVERY TWO SCHEME SHARES**

**POSSIBLE MAJOR TRANSACTION FOR CONVENIENCE RETAIL ASIA LIMITED**

Financial adviser to Convenience Retail Asia Limited



**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

***The Proposal***

The respective boards of directors of CRA and Saint Honore wish to announce that on 14 November 2006, CRA requested the Saint Honore Board to put forward a proposal to the Scheme Shareholders regarding a proposed takeover of Saint Honore by way of a scheme of arrangement under Section 99 of the Companies Act. Following the effective date of the Scheme, the listing of Saint Honore Shares on the Main Board of the Stock Exchange will be withdrawn, and Saint Honore will become a wholly-owned subsidiary of CRA.

The Proposal, if made, will provide that all Scheme Shares will be cancelled in exchange for either:

- (a) **Cash Alternative:** Cash of HK\$2.95 for every Scheme Share; or
- (b) **Share & Cash Alternative:** one CRA Share plus cash of HK\$2.95 for every two Scheme Shares, valuing each Saint Honore Share at HK\$2.95 with reference to the closing price of HK\$2.95 per CRA Share on 14 November 2006 (being the last trading date in CRA Shares prior to the date of this announcement). In respect of any holding of an odd number of Scheme Shares (i.e. not being in a multiple of two), the remaining one Scheme Share will be satisfied in cash at HK\$2.95 per Scheme Share. In addition, Scheme Shareholders who validly elect for the Share & Cash Alternative may also make the **CRA Shares Substitution Election** whereby Scheme Shareholders may, subject to availability, apply for CRA Substitution Shares using the cash portion of the Share & Cash Alternative at HK\$2.95 per CRA Substitution Share.

The Cancellation Consideration per Scheme Share will not be revised, and CRA does not reserve the right to do so.

The Cash Alternative and the Share & Cash Alternative will be financed and provided by CRA. The Scheme Shareholders may elect either the Cash Alternative or the Share & Cash Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares (but not, for the avoidance of doubt, a combination of the two). In the event a Scheme Shareholder wishes to make the CRA Shares Substitution Election, he may do so only in respect of his entire holding of Scheme Shares.

The cash consideration of HK\$2.95 per Scheme Share under the Cash Alternative represents a premium of approximately 43.9% over the closing price of HK\$2.05 per Saint Honore Share as quoted on the Stock Exchange on 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement). The value of the Share & Cash Alternative of HK\$2.95 per Scheme Share based on the closing price of CRA Shares on the Stock Exchange on 14 November 2006 (being the last trading day in CRA Shares prior to the date of this announcement), represents a premium of approximately 43.9% over the closing price of HK\$2.05 per Saint Honore Share as quoted on the Stock Exchange on 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement).

The Proposal is conditional upon the fulfilment or waiver, as applicable, of the conditions described in the section headed "Conditions of the Proposal" below. All conditions will have to be fulfilled or waived, as applicable, on or before 31 May 2007 (or such later date as CRA and Saint Honore may agree in writing), otherwise the Scheme will lapse.

As at the date of this announcement, there were 214,157,000 Saint Honore Shares in issue and Saint Honore does not have any outstanding share options, warrants, derivatives or other convertible securities.

The actual maximum number of new CRA Shares to be made available for allotment and issuance under the Share & Cash Alternative will be determined at the Record Date but in any event shall not be more than 107,078,500 new CRA Shares, representing approximately 15.83% of the existing issued share capital of CRA, or approximately 13.67% of the enlarged issued share capital of CRA.

If all Scheme Shareholders elect for the Cash Alternative, the amount of cash required for the Proposal is approximately HK\$631,763,150.

Irrespective of the proportions in which Saint Honore Shareholders elect to take the Cash Alternative or the Share & Cash Alternative, the method of settlement of the Cancellation Consideration is not expected to have a material impact on CRA. HSBC, the financial adviser to CRA, is satisfied that sufficient financial resources are available to CRA for the implementation of the Proposal.

CRA has received a conditional Irrevocable Undertaking from WPC pursuant to which WPC has undertaken to vote, or procure the voting, to approve the Proposal at the Court Meeting and the Special General Meeting in respect of the WPC Committed Shares (which represent approximately 17.37% of the Saint Honore Shares in issue).

The Saint Honore Board wishes to announce that Somerley Limited has been appointed as the independent financial adviser to the Saint Honore Independent Board Committee in respect of the Proposal. The Saint Honore Independent Board Committee has approved the appointment of Somerley Limited.

#### ***Despatch of the Scheme Document***

Saint Honore will send to the Saint Honore Shareholders a Scheme Document containing, among other things, further details about the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Act, the recommendation of the Saint Honore Independent Board Committee, a letter of advice from the independent financial adviser to Saint Honore, a notice of the Court Meeting and a notice of the Special General Meeting as soon as practicable and in compliance with the requirements of the Takeovers Code.

#### ***Withdrawal of listing of Saint Honore Shares on the Main Board of the Stock Exchange***

CRA will apply to the Stock Exchange for the withdrawal of the listing of Saint Honore Shares on the Main Board of the Stock Exchange immediately following the effective date of the Scheme. The Saint Honore Board intend that the listing shall be maintained in the event that the Scheme is not approved or lapses.

#### ***Possible major transaction for CRA***

The Proposal constitutes a possible major transaction for CRA under the GEM Listing Rules. A circular providing details of the Proposal will be despatched to CRA Shareholders in accordance with the relevant requirements of the GEM Listing Rules.

### ***Suspension and resumption of trading in CRA Shares and Saint Honore Shares***

At the request of Saint Honore, trading in Saint Honore Shares on the Main Board of the Stock Exchange was suspended from 10:00 a.m. on 14 November 2006, pending the issue of this announcement. Application has been made by Saint Honore to the Stock Exchange for resumption of trading in Saint Honore Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 20 November 2006.

At the request of CRA, trading in the CRA Shares on GEM was suspended from 9:30 a.m. on 15 November 2006, pending the issue of this announcement. Application has been made by CRA to the Stock Exchange for resumption of trading in CRA Shares on GEM with effect from 9:30 a.m. on 20 November 2006.

**WARNING: Saint Honore Shareholders and/or potential investors shall be aware that the implementation of the Proposal and the Scheme is subject to the conditions as set out below being fulfilled or waived, as applicable, and that the Proposal and the Scheme may or may not become effective. They should therefore exercise caution when dealing in Saint Honore Shares.**

## **INTRODUCTION**

On 14 November 2006, CRA requested the Saint Honore Board to put forward a proposal to the Scheme Shareholders regarding a proposed takeover of Saint Honore by way of a scheme of arrangement under Section 99 of the Companies Act involving cancellation of all the Scheme Shares and allotment and issue of new shares in Saint Honore to CRA. Under the Proposal, new Saint Honore Shares will be issued to CRA prior to the cancellation of Scheme Shares.

CRA has appointed HSBC as its financial adviser in connection with the Proposal.

The Saint Honore Board wishes to announce that Somerley Limited has been appointed as the independent financial adviser to the Saint Honore Independent Board Committee in respect of the Proposal. The Saint Honore Independent Board Committee has approved the appointment of Somerley Limited.

Neither CRA nor parties acting in concert with it (other than HSBC and members of its group) owns or controls any Saint Honore Shares or any convertible securities, warrants or options in respect of Saint Honore Shares, and none of such persons have dealt in Saint Honore Shares in the 6 months prior to the date of this announcement. Subject to Note 1 to Rule 3.5 of the Takeovers Code, HSBC and members of its group which are deemed to be acting in concert with CRA do not hold any Saint Honore Shares.

Neither Saint Honore nor parties acting in concert with it owns or controls any CRA Shares or any convertible securities, warrants or options in respect of CRA Shares.

## TERMS OF THE PROPOSAL

The Proposal, if made, will provide that all Scheme Shares will be cancelled in exchange for either:

- (a) **Cash Alternative:** Cash of HK\$2.95 for every Scheme Share; or
- (b) **Share & Cash Alternative:** One CRA Share plus cash of HK\$2.95 for every two Scheme Shares, valuing each Saint Honore Share at HK\$2.95 with reference to the closing price of HK\$2.95 per CRA Share on 14 November 2006 (being the last trading date in CRA Shares prior to the date of this announcement). In respect of any holding of an odd number of Scheme Shares (i.e. not being a multiple of two), the remaining one Scheme Share will be satisfied in cash at HK\$2.95 per Scheme Share. In addition, Scheme Shareholders who validly elect for the Share & Cash Alternative may also make the **CRA Shares Substitution Election** whereby Scheme Shareholders may, subject to availability, apply for CRA Substitution Shares using the cash portion of the Share & Cash Alternative at HK\$2.95 per CRA Substitution Share.

The Cancellation Consideration per Scheme Share will not be revised, and CRA does not reserve the right to do so.

The Cash Alternative and Share & Cash Alternative will be financed and provided by CRA. The Scheme Shareholders may elect either the Cash Alternative or the Share & Cash Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares (but not, for the avoidance of doubt, a combination of the two). To the extent that one or more Scheme Shareholders choose to take the Cash Alternative, the number of CRA Shares which would otherwise have been taken up by such Scheme Shareholders if they had chosen to take the Share & Cash Alternative will become CRA Substitution Shares. In the event a Scheme Shareholder who validly elects for the Share & Cash Alternative wishes to make a CRA Shares Substitution Election, he may do so only in respect of his entire holding of Scheme Shares, i.e. he may not indicate the additional number of CRA Substitution Share(s) he would like to apply for. The final allocation of CRA Substitution Shares will depend on the number of CRA Substitution Shares available and will so far as practicable be on a pro-rata basis with reference to the respective number of Scheme Shares held by Saint Honore Shareholders at the Record Date who have made the CRA Shares Substitution Election. The CRA Substitution Shares will not be issued in fractions and any fractional entitlements shall be rounded down to the nearest whole number.

### *Outstanding Saint Honore share options, warrants, derivatives or other convertible securities*

As at the date of this announcement, there were 214,157,000 Saint Honore Shares in issue and Saint Honore does not have any outstanding share options, warrants, derivatives or other convertible securities.

### *The Cash Alternative*

If all Scheme Shareholders elect for the Cash Alternative, the amount of cash required for the Proposal is approximately HK\$631,763,150.

The cash consideration of HK\$2.95 per Scheme Share under the Cash Alternative represents:

- (a) a premium of approximately 43.9% over the closing price of HK\$2.05 per Saint Honore Share as quoted on the Stock Exchange on 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement);
- (b) a premium of approximately 56.9% over the average closing price of HK\$1.88 per Saint Honore Share for the 10 trading days up to and including 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement);
- (c) a premium of approximately 58.6% over the average closing price of HK\$1.86 per Saint Honore Share for the 30 trading days up to and including 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement); and
- (d) a premium of approximately 170.6% to the audited consolidated net asset value per Saint Honore Share of approximately HK\$1.09 as at 31 March 2006.

#### *The Share & Cash Alternative*

The actual maximum number of new CRA Shares to be made available for allotment and issuance under the Share & Cash Alternative will be determined at the Record Date but in any event shall not be more than 107,078,500 new CRA Shares, representing approximately 15.83% of the existing issued share capital of CRA, or approximately 13.67% of the enlarged issued share capital of CRA.

The aggregate value of the Cancellation Consideration under the Share & Cash Alternative is approximately HK\$631,763,150, based on the closing price of CRA Shares of HK\$2.95 per CRA Share on the Stock Exchange on 14 November 2006 (being the last trading day in CRA Shares prior to the date of this announcement).

The value of the Share & Cash Alternative of HK\$2.95 per Scheme Share based on the closing price of CRA Shares on the Stock Exchange on 14 November 2006 (being the last trading day in CRA Shares prior to the date of this announcement) represents:

- (a) a premium of approximately 43.9% over the closing price of HK\$2.05 per Saint Honore Share as quoted on the Stock Exchange on 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement);
- (b) a premium of approximately 56.9% over the average closing price of HK\$1.88 per Saint Honore Share for the 10 trading days up to and including 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement);
- (c) a premium of approximately 58.6% over the average closing price of HK\$1.86 per Saint Honore Share for the 30 trading days up to and including 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement); and
- (d) a premium of approximately 170.6% to the audited consolidated net asset value per Saint Honore Share of approximately HK\$1.09 as at 31 March 2006.

The CRA Shares to be issued pursuant to the Proposal will be issued and credited as fully paid up and will rank pari passu with the existing CRA Shares at the date of issue and are expected to be allotted and issued at HK\$2.95 per CRA Share under the general mandate granted to the CRA Directors at the annual general meeting held on 2 May 2006 but will not rank for any dividends or other distributions declared, made or paid by reference to a record date prior to the date of allotment.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the CRA Shares to be issued in satisfaction of the Share & Cash Alternative, on GEM.

Irrespective of the proportions in which Saint Honore Shareholders elect to take the Cash Alternative or the Share & Cash Alternative, the method of settlement of the Cancellation Consideration is not expected to have a material impact on CRA. CRA expects to finance all the amount payable under the Proposal from internal resources and external financing. HSBC, the financial adviser to CRA, is satisfied that sufficient financial resources are available to CRA for the implementation of the Proposal.

#### *Overseas Scheme Shareholders*

The making of the Proposal to and acceptance of the Proposal by persons not resident in Hong Kong may be subject to the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

### **CONDITIONS OF THE PROPOSAL**

The Proposal will become effective and binding on Saint Honore and all Scheme Shareholders subject to fulfilment or waiver, as applicable, of the following conditions:

- (a) the CRA Shareholders passing, at a general meeting convened for that purpose (or by written resolution in lieu thereof, as permitted under the GEM Listing Rules), such resolutions as may be necessary to implement the Proposal;
- (b) the shareholders of Hong Kong Catering (other than those who are prohibited from voting under relevant laws, rules or regulations) passing, at a general meeting convened for that purpose (or by written resolution in lieu thereof, as permitted under the Listing Rules), such resolutions as may be necessary to implement the Proposal;
- (c) the approval (by way of a poll) of the Scheme by a majority in number of Saint Honore Independent Shareholders present and voting either in person or by proxy at the Court Meeting holding not less than three-fourths in nominal value of those Saint Honore Shares that are voted either in person or by proxy by the Saint Honore Independent Shareholders at the Court Meeting, provided that the Scheme is not disapproved at the Court Meeting by the Saint Honore Independent Shareholders holding more than 10% in value of all the Saint Honore Shares held by the Saint Honore Independent Shareholders;

- (d) the passing by Saint Honore Shareholders (other than those who are prohibited from voting under relevant laws, rules or regulations) of special resolutions to approve and give effect to the Scheme (including the cancellation of the Scheme Shares, the reduction of the issued share capital of Saint Honore) by a majority of at least three-fourths of the votes cast by the Saint Honore Shareholders present and voting, in person or by proxy, at the Special General Meeting;
- (e) the sanction of the Scheme (with or without modifications) by the Supreme Court of Bermuda and delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court of Bermuda for registration;
- (f) the necessary compliance with the procedural requirements of Section 46(2) of the Companies Act in relation to the reduction of the issued share capital of Saint Honore;
- (g) the granting by the Stock Exchange of the listing of, and permission to deal in, the CRA Shares which fall to be issued pursuant to the Proposal, on GEM;
- (h) the Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in Bermuda, Hong Kong and/or any other relevant jurisdictions;
- (i) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (j) if required, the obtaining by CRA of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary or desirable for the performance of the Scheme under applicable laws and regulations;
- (k) other than tenancy agreements, leases, licences and other similar arrangements in relation to properties occupied by any member of the Saint Honore Group, there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Saint Honore Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal or because of a change in control or management of Saint Honore could or might reasonably result in, to an extent which is material in the context of the Saint Honore Group taken as a whole:
  - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Saint Honore Group being repayable or being capable of being declared payable prior to their stated maturity;
  - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Saint Honore Group or any such security (whether arising or having arisen) becoming enforceable;



- (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder;
- (l) save as publicly announced prior to 17 November 2006 (being the date of this announcement), no member of the Saint Honore Group having since 31 March 2006 (being the date to which the latest published audited accounts of Saint Honore were made up):
- (i) issued, agreed or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between Saint Honore and its wholly-owned subsidiaries) and including, for the avoidance of doubt, any scrip dividend;
  - (ii) recommended, declared, paid or made any bonus, dividend or other distribution other than between members of the Saint Honore Group (other than the declaration and payment of an interim dividend by Saint Honore in the ordinary course for the 6 months ended 30 September 2006, if not disallowed by the Executive);
  - (iii) to an extent which is material in the context of the Saint Honore Group as a whole, merged with any body corporate or acquired or disposed of any assets or authorised, proposed or announced any intention to propose any merger, demerger, acquisition or disposal;
  - (iv) issued, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or contingent liability in each case to an extent which is material in the context of the Saint Honore Group taken as a whole;
  - (v) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or redeemed or reduced or made any other change to any part of its share capital to an extent which is material in the context of the Saint Honore Group taken as a whole;
  - (vi) entered into any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term, onerous or unusual nature or magnitude, and which involves or is likely to involve an obligation of a nature or magnitude which, in any case, is material in the context of the Saint Honore Group taken as a whole; or
  - (vii) made or authorised or proposed or announced an intention to propose any change in its loan capital to an extent which is material in the context of the Saint Honore Group taken as a whole;

- (m) save as publicly announced prior to 17 November 2006 (being the date of this announcement), since 31 March 2006 (being the date to which the latest published audited accounts of Saint Honore were made up):
- (i) there having been no material adverse change in the business, financial or trading position or prospects of any member of the Saint Honore Group to an extent which is material in the context of the Saint Honore Group taken as a whole; and
  - (ii) there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Saint Honore Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Saint Honore Group taken as a whole; and
- (n) each member of the Saint Honore Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Saint Honore Group from the date of this announcement up to the date when all the conditions are satisfied or waived, as applicable.

CRA reserves the right to waive conditions (k), (l), (m) and (n) above, either in whole or in respect of any particular matter. All of the above conditions will have to be fulfilled or waived, as applicable, on or before 31 May 2007 (or such later date as CRA and Saint Honore may agree in writing), otherwise the Scheme will lapse.

CRA is not a party to any agreements or arrangements which relate to the circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal.

**WARNING: Saint Honore Shareholders and/or potential investors shall be aware that the implementation of the Proposal and the Scheme is subject to the conditions as set out above being fulfilled or waived, as applicable, and that the Proposal and the Scheme may or may not become effective. They should therefore exercise caution when dealing in Saint Honore Shares.**

#### **IRREVOCABLE UNDERTAKING TO ACCEPT THE PROPOSAL**

CRA has received a conditional Irrevocable Undertaking from WPC pursuant to which WPC has undertaken to vote, or procure the voting, to approve the Proposal at the Court Meeting and the Special General Meeting in respect of the WPC Committed Shares (which represents approximately 17.37% of the Saint Honore Shares in issue). WPC's undertaking does not lapse in the event of a competing offer but is conditional upon WPC not being prohibited, under the Takeovers Code, by the SFC or any other competent authority (for example, the Bermuda

Court), from voting or otherwise procuring the voting in respect of the WPC Committed Shares, to approve the Proposal at the Court Meeting, the Special General Meeting and all other shareholders' meetings relating to the Proposal.

## SHAREHOLDING STRUCTURE

As at the date of this announcement, there were 214,157,000 Saint Honore Shares in issue. All Saint Honore Shareholders are disinterested in the Proposal and shall be entitled to vote at the Court Meeting and the Special General Meeting.

The table below sets out the shareholding structure of Saint Honore as at the date of this announcement:

	<b>Number of Saint Honore Shares owned</b>	<b>% of the total issued share capital</b>
Hong Kong Catering ( <i>note a</i> )	118,028,098	55.11
WPC ( <i>note b</i> )	37,195,152	17.37
DJE Investment S.A. ( <i>note c</i> )	12,900,000	6.02
Others	46,033,750	21.50
	<hr/>	<hr/>
Total	<u>214,157,000</u>	<u>100.00</u>

*Notes:*

- (a) Saint Honore Shares are held through Hong Kong Catering's wholly-owned subsidiary, Albion Agents Limited.
- (b) WPC is a controlling shareholder of Hong Kong Catering and thus has a deemed interest in 118,028,098 Saint Honore Shares held by Hong Kong Catering through its wholly-owned subsidiary, Albion Agents Limited.
- (c) DJE Investment S.A. is 81% controlled by Dr. Jens Ehrhardt Kapital AG which in turn is 83.5% controlled by Dr. Jens Alfred Karl Ehrhardt.

Following the effective date of the Scheme and the withdrawal of the listing of Saint Honore Shares on the Stock Exchange, Saint Honore will be wholly-owned by CRA. As at the date of this announcement, Saint Honore does not have any outstanding share options, warrants, derivatives or other convertible securities.

As at the date of this announcement, other than share options convertible into 12,736,000 CRA Shares, which were granted under the existing share option scheme of CRA, CRA does not have any outstanding warrants, derivatives or other convertible securities outstanding. The table below sets out the shareholding structure of CRA as at the date of this announcement and immediately following implementation of the Proposal assuming all Scheme Shareholders have elected the Share & Cash Alternative (assuming all CRA options are not exercised):

	As at the date of this announcement		Immediately following implementation of the Proposal	
	Number of CRA Shares owned	% of the total issued share capital	Number of CRA Shares owned	% of the total issued share capital
King Lun Holdings Limited ( <i>Note</i> )	373,692,000	55.25	373,692,000	47.70
Others	302,614,000	44.75	409,692,500	52.30
Total	<u>676,306,000</u>	<u>100.00</u>	<u>783,384,500</u>	<u>100.00</u>

The table below sets out the shareholding structure of CRA as at the date of this announcement and immediately following implementation of the Proposal assuming all Scheme Shareholders have elected the Share & Cash Alternative (assuming all CRA options are exercised):

	As at the date of this announcement		Immediately following implementation of the Proposal	
	Number of CRA Shares owned	% of the total issued share capital	Number of CRA Shares owned	% of the total issued share capital
King Lun Holdings Limited ( <i>Note</i> )	373,692,000	55.25	373,692,000	46.94
Others	302,614,000	44.75	422,428,500	53.06
Total	<u>676,306,000</u>	<u>100.00</u>	<u>796,120,500</u>	<u>100.00</u>

*Note:* King Lun Holdings Limited through its indirect wholly-owned subsidiary, Li & Fung (Retailing) Limited (a wholly-owned subsidiary of Li & Fung (1937) Limited) held 373,692,000 CRA Shares. 1,332,840 shares in King Lun Holdings Limited, representing 50% of its issued share capital, are owned by J. P. Morgan Trust Company (Jersey) Limited, the trustee of a trust established for the benefit of the family members of Dr. Fung Kwok King, Victor. The remaining 50% of King Lun Holdings Limited is owned by Dr. Fung Kwok Lun, William.

## INFORMATION ON CRA

CRA is a company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on GEM since January 2001. CRA is engaged in the operation of a chain of convenience stores under the tradename of Circle K in Hong Kong and mainland China.

A summary of the audited consolidated results of the CRA Group for each of the two years ended 31 December 2005 is set out below:

	<b>For the year ended 31 December</b>	
	<b>2004</b>	<b>2005</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Turnover	1,736,491	1,995,206
Profit before income tax	74,918	81,662
Profit before minority interest	61,245	67,614
Profit attributable to shareholders (after minority interest)	66,276	73,578

As at 30 June 2006, the unaudited consolidated net assets of the CRA Group were approximately HK\$485,424,000, or approximately HK\$0.72 per CRA Share (based on 676,306,000 CRA Shares in issue as at the date of this announcement).

## INFORMATION ON SAINT HONORE

Saint Honore is a company incorporated in Bermuda with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since November 2000. The Saint Honore Group is principally engaged in the manufacture of bakery products and operation of a retail chain of bakeries.

A summary of the audited consolidated results of the Saint Honore Group for each of the two years ended 31 March 2006 is set out below:

	<b>For the year ended 31 March</b>	
	<b>2005</b>	<b>2006</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Turnover	568,901	589,421
Profit before income tax	71,673	49,646
Profit attributable to shareholders	59,214	40,966

As at 31 March 2006, the audited consolidated net assets of the Saint Honore Group were approximately HK\$232,195,000, or approximately HK\$1.09 per Saint Honore Share (based on 213,357,000 Saint Honore Shares in issue as at 31 March 2006).

## **CRA'S INTENTION REGARDING SAINT HONORE**

Following implementation of the Proposal, CRA intends that the Saint Honore Group will continue to carry on its current business of manufacture of bakery products and operation of a retail chain of bakeries.

It is the intention of CRA that the existing connected transactions between Hong Kong Catering and Saint Honore as reported in the last published financial statements of Saint Honore shall continue after implementation of the Proposal pursuant to the subsisting terms of the governing agreements.

## **WITHDRAWAL OF LISTING OF SAINT HONORE SHARES ON THE MAIN BOARD OF THE STOCK EXCHANGE**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. CRA will apply to the Stock Exchange for the withdrawal of the listing of Saint Honore Shares on the Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates of the last day of dealing in Saint Honore Shares and on which the Scheme and the withdrawal of the listing of Saint Honore Shares will become effective. A detailed timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

The Saint Honore Board intend that the listing of Saint Honore Shares on the Main Board of the Stock Exchange shall be maintained in the event that the Scheme is not approved or lapses.

## **REASONS AND BENEFITS OF THE PROPOSAL**

The CRA Board is of the view that the terms of the Proposal are attractive to the Saint Honore Shareholders and that the proposed takeover of Saint Honore will be beneficial to both shareholders of CRA, and to Saint Honore, in a number of ways.

It is CRA's intention to broaden its management expertise and develop its China business. The CRA Directors recognise the strong brand value of Saint Honore and believe its expertise in the baking business will enhance the business proposition for CRA Group's convenience stores as well as underpinning its China strategy. Saint Honore is an existing dough and baked products supplier to CRA and implementation of the Proposal will further facilitate business integration between Saint Honore and CRA and capture revenue synergies and greater operational efficiency. Furthermore, the implementation of the Proposal is expected to enhance CRA's earnings. **In accordance with Rule 10.10 of the Takeovers Code, CRA Shareholders and prospective investors should note that this statement should not be interpreted to mean that CRA's earnings per CRA Share will necessarily be greater than those for the preceding financial period of CRA, being its financial period ended 31 December 2005.**

The CRA Board believes that the ability of Saint Honore to take advantage of its listed status to raise funds from equity markets is limited and that the costs associated with the maintenance of Saint Honore's listing on the Stock Exchange may no longer be warranted. The limitation on liquidity can be observed through the average daily trading volume for the 6 months up to and including 13 November 2006 (being the last trading day in Saint Honore Shares prior to the date of this announcement) being approximately 18,699 Saint Honore Shares.

The CRA Board believes that the Proposal represents a good opportunity for the Scheme Shareholders to realise their investments at a price significantly above the prevailing market price of Saint Honore Shares.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

## **POSSIBLE MAJOR TRANSACTION FOR CRA**

The Proposal constitutes a possible major transaction for CRA under the GEM Listing Rules. A circular providing details of the Proposal will be despatched to the CRA Shareholders in accordance with the relevant requirements of the GEM Listing Rules.

King Lun Holdings Limited, which is beneficially interested in 373,692,000 CRA Shares, representing approximately 55.25% of the issued share capital of CRA, has indicated that it approves the Proposal and has given a written shareholders' approval as required under Rule 19.44(2) of the GEM Listing Rules. On this basis, CRA intends not to convene a general meeting of shareholders to approve the Proposal.

## GENERAL

The Saint Honore Independent Board Committee (comprising all the independent non-executive Saint Honore Directors) has been formed to advise the Saint Honore Independent Shareholders in connection with the Proposal. The other two non-executive Saint Honore Directors, Mrs. Chan King, Catherine and Mr. Chan Ka Lai, Joseph, are respectively the spouse and the son of Mr. Chan Wai Cheung, Glenn (the Chairman of Saint Honore). As such, they will not be appointed as members of the Saint Honore Independent Board Committee. Somerley Limited has been appointed as the independent financial adviser to advise the Saint Honore Independent Board Committee in respect of the Proposal. The Saint Honore Independent Board Committee has approved the appointment of Somerley Limited.

Saint Honore will send to the Saint Honore Shareholders a Scheme Document containing, among other things, further details about the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Act, the recommendation of the Saint Honore Independent Board Committee, a letter of advice from the independent financial adviser to the Saint Honore Independent Board Committee and the Saint Honore Independent Shareholders, a notice of the Court Meeting and a notice of the Special General Meeting as soon as practicable and in compliance with the requirements of the Takeovers Code.

Trading of Saint Honore Shares on the Stock Exchange will be suspended on the day of the Court Meeting and the Special General Meeting. Further suspension of trading of Saint Honore Shares on the Stock Exchange as may be required will be further announced.

Save for the Proposal and the Scheme, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between CRA or any person acting in concert with it in relation to Saint Honore Shares which might be material to the Proposal.

At the request of Saint Honore, trading in Saint Honore Shares on the Main Board of the Stock Exchange was suspended from 10:00 a.m. on 14 November 2006, pending the issue of this announcement. Application has been made by Saint Honore to the Stock Exchange for resumption of trading in Saint Honore Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 20 November 2006.

At the request of CRA, trading in CRA Shares on GEM was suspended from 9:30 a.m. on 15 November 2006, pending the issue of this announcement. Application has been made by CRA to the Stock Exchange for resumption of trading in CRA Shares on GEM with effect from 9:30 a.m. on 20 November 2006.



## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Cancellation Consideration”	the Share & Cash Alternative or the Cash Alternative
“Cash Alternative”	the cash alternative under the Proposal, being HK\$2.95 in cash for each Scheme Share
“Companies Act”	the Companies Act 1981 of Bermuda
“Court Meeting”	a meeting of the Saint Honore Independent Shareholders to be convened at the direction of the Supreme Court of Bermuda at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“CRA”	Convenience Retail Asia Limited, a company incorporated in the Cayman Islands, whose shares are listed on GEM (Stock Code: 8052)
“CRA Board”	the board of CRA Directors
“CRA Director(s)”	director(s) of CRA
“CRA Group”	CRA and its subsidiaries
“CRA Share(s)”	ordinary share(s) in the share capital of CRA with a nominal value of HK\$0.10 each, trading in board lots of 2,000 CRA Shares on GEM
“CRA Shareholder(s)”	holder(s) of CRA Shares
“CRA Shares Substitution Election”	the facility for the Scheme Shareholders validly electing the Share & Cash Alternative to elect, subject to availability, to increase the number of CRA Shares to be allotted and issued to them in lieu of the cash portion of the Share & Cash Alternative by allocating CRA Substitution Shares to them on a pro-rata basis as mentioned above in this announcement under the section headed “Terms of the Proposal”, at HK\$2.95 per CRA Substitution Share

“CRA Substitution Share(s)”	to the extent that one or more Scheme Shareholders choose to take the Cash Alternative, the CRA Share(s) which would otherwise have been taken up by the Scheme Shareholders electing the Cash Alternative if they had chosen to take the Share & Cash Alternative
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate for the time being of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Catering”	Hong Kong Catering Management Limited, a company incorporated in Hong Kong, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 668), and of which WPC is interested in approximately 57.21% of its entire issued capital
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO to carry on type 1 (Dealing in Securities), type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 9 (Asset Management) regulated activities and also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 November 2006 given by WPC in respect of the WPC Committed Shares in favour of CRA as mentioned above in this announcement under the section headed “Irrevocable Undertaking to Accept the Proposal”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Proposal”	the proposal for takeover of Saint Honore by CRA by way of the Scheme
“Record Date”	record date for determining entitlements under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions

“Saint Honore”	Saint Honore Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 192)
“Saint Honore Board”	the board of Saint Honore Directors
“Saint Honore Director(s)”	director(s) of Saint Honore
“Saint Honore Group”	Saint Honore and its subsidiaries
“Saint Honore Independent Board Committee”	an independent committee of the board of directors of Saint Honore comprising Dr. Cheung Wai Lam, William, Dr. Ho Sai Wah, David and Mr. Bingley Wong, being independent non-executive Saint Honore Directors, established to advise the Saint Honore Independent Shareholders in relation to the Proposal
“Saint Honore Independent Shareholder(s)”	Saint Honore Shareholder(s)
“Saint Honore Share(s)”	ordinary share(s) in the share capital of Saint Honore with a nominal value of HK\$0.10 each, trading in board lots of 2,000 Saint Honore Shares on the Main Board of the Stock Exchange
“Saint Honore Shareholder(s)”	holder(s) of Saint Honore Shares
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares
“Scheme Document”	the document to be despatched to the Saint Honore Shareholders containing details of the Scheme
“Scheme Share(s)”	Saint Honore Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Saint Honore Shareholder(s) whose name(s) appear on Saint Honore’s register of shareholders on the Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share & Cash Alternative”	the share and cash alternative under the Proposal, being one CRA Share plus cash of HK\$2.95 for every two Scheme Shares
“Special General Meeting”	a special general meeting of the Saint Honore Independent Shareholders to be convened at which the Scheme will be voted upon, or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“WPC”	Well-Positioned Corporation, a company incorporated in the British Virgin Islands and wholly-owned by a trust established by Mr. Chan Wai Cheung, Glenn, the Chairman of Saint Honore. It has a direct interest in approximately 17.37% of Saint Honore Shares in issue and, as the controlling shareholder of Hong Kong Catering, is deemed to be interested in the 55.11% of the issued Saint Honore Shares held through Hong Kong Catering
“WPC Committed Shares”	37,195,152 Saint Honore Shares which are subject to the conditional Irrevocable Undertaking given by WPC
“%”	per cent.

By order of the board of  
**CONVENIENCE RETAIL ASIA LIMITED**  
**Yeung Lap Bun, Richard**  
*Director and Chief Executive Officer*

By order of the board of  
**SAINT HONORE HOLDINGS LIMITED**  
**Chan Wai Cheung, Glenn**  
*Chairman*

Hong Kong, 17 November 2006

*As at the date of this announcement, the executive directors of CRA are Mr. Yeung Lap Bun, Richard (Chief Executive Officer) and Mr. Li Kwok Ho, Bruno (Chief Financial Officer), the non-executive directors are Dr. Fung Kwok King, Victor (Chairman), Dr. Fung Kwok Lun, William, Mr. Godfrey Ernest Scotchbrook, Mr. Jeremy Paul Egerton Hobbins and Ms. Wong Yuk Nor, Louisa; and the independent non-executive directors are Dr. Ch'ien Kuo Fung, Raymond, Mr. Au Man Chung, Malcolm and Mr. Lo Kai Yiu, Anthony.*

*As at the date of this announcement, the executive directors of Saint Honore are Mr. Chan Wai Cheung, Glenn (Chairman), Mr. Shum Wing Hon (Deputy Chairman), Mrs. Chan Wong Man Li, Carrina (Managing Director), Mr. Chan Ka Shun, Raymond and Mr. Wong Chung Piu, Billy; the non-executive directors are Mrs. Chan King, Catherine and Mr. Chan Ka Lai, Joseph; and the independent non-executive directors are Dr. Cheung Wai Lam, William, Dr. Ho Sai Wah, David and Mr. Bingley Wong.*

*The Saint Honore Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement relating to Saint Honore and/or its shareholders and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement relating to Saint Honore and/or its shareholders have been arrived at after due and careful consideration and there are no other facts not contained in this announcement relating to Saint Honore and/or its shareholders, the omission of which would make any statement in the announcement relating to Saint Honore and/or its shareholders misleading.*

*The CRA Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above), the omission of which would make any statement in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) misleading.*

*This announcement, for which the CRA Directors collectively and individually accept full responsibility in respect of information (other than that for which the Saint Honore Directors have taken the responsibilities as described above), includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to CRA. The CRA Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:*

- 1. the information contained in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) is accurate and complete in all material respects and not misleading;*
- 2. there are no other matters the omission of which would make any statement in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) misleading; and*
- 3. all opinions expressed in this announcement (other than that for which the Saint Honore Directors have taken the responsibilities as described above) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*So far as CRA is concerned, this announcement will remain on the GEM website on the "Latest Company Announcements" page for a minimum period of 7 days from the date of publication.*