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**HONG KONG CATERING MANAGEMENT LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock code: 668)**



**SAINT HONORE HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 192)**

## **CONTINUING CONNECTED TRANSACTIONS**

The respective Directors of HKCM and SHHL announced that the Sub-leasing Agreement and the Supply Agreement had been entered into between the HKCM Group and the SHHL Group on 9 June 2004 to record the Transactions in compliance with Rule 14A.35 of the Listing Rules.

Pursuant to the Sub-leasing Agreement, the HKCM Group has agreed to share/sub-lease the Premises to the SHHL Group subject to the terms and conditions therein contained.

Pursuant to the Supply Agreement, SHHL has agreed to sell (or to procure the relevant members of the SHHL Group to sell) to the HKCM Group, and HKCM has agreed to purchase (or to procure the relevant members of the HKCM Group to purchase) from the SHHL Group, the Products.

Since HKCM is a connected person of the SHHL Group and vice versa, the sharing/sub-leasing of the Premises by the HKCM Group to the SHHL Group and the supply of the Products to the HKCM Group by the SHHL Group constitute connected transactions for both companies under Chapter 14A of the Listing Rules. As each of the percentage ratios (other than the profits ratio) of each Transaction is on an annual basis less than 2.5%, each Transaction will only be subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. Relevant details of the Transactions will be included in the subsequent annual reports and accounts of HKCM and SHHL pursuant to Rules 14A.45 and 14A.46 of the Listing Rules and the independent non-executive Directors and the respective auditors of HKCM and SHHL shall review annually the Transactions in compliance with the provisions, in particular, Rules 14A.37 to 14A.41, of the Listing Rules.

### **PARTICULARS OF THE SUB-LEASING AGREEMENT**

**Date** : 9 June 2004

**Parties** : (1) SHHL  
(2) HKCM

**Subject matter** : HKCM has agreed to share/sub-lease (or to procure the relevant members of the HKCM Group to share/sub-lease) the Premises or any part thereof to the SHHL Group at a monthly basic rent determined by apportioning the monthly rental or licence fee chargeable by the landlords of the Premises on (i) the area actually occupied by the SHHL Group and (ii) a percentage of the monthly gross turnover of the SHHL Group, whichever is higher (“Sub-leasing Fee”) which shall be payable in arrears within 45 business days from the end of each month by the SHHL Group to the HKCM Group.

The Sub-leasing Fee shall be reviewed from time to time with reference to the actual amount of rental or licence fee payable by the HKCM Group to its landlords, the area which the HKCM Group may share with or sub-lease to the SHHL Group and the attributable portion of the turnover rent payable by the SHHL Group and where there is an increase in the costs of providing such Premises.

**Term** : The Sub-leasing Agreement shall be valid for three (3) years and be deemed to have commenced on 1 April 2004.

For each of the past two financial years, the Sub-leasing Fee payable by the SHHL Group to the HKCM Group amounted to HK\$2,130,174 and HK\$1,723,735 respectively and represented less than 2.5% of the consolidated turnover of the HKCM Group and that of the SHHL Group for the financial years ended 31 March 2003 and 2004 respectively. As at the date of the Sub-leasing Agreement, a total of approximately 2,119 sq.ft in respect of the Premises has been occupied by the SHHL Group and the average monthly Sub-leasing Fee payable by the SHHL Group to the HKCM Group for the past six months ended 31 May 2004 amounted to approximately HK\$140,000. The expected amounts of the Sub-leasing Fee are based on (i) the area actually occupied by the SHHL Group and the attributable portion of the turnover rent payable by the SHHL Group; (ii) the average Sub-leasing Fee payable by the SHHL Group to the HKCM Group for the last six months ended 31 May 2004 and (iii) the expected increase in the rental/licence fee which would be chargeable by the relevant landlords to the HKCM Group as a result of the renewal of certain lease(s)/licence(s) of the Premises. The Directors expected that the maximum aggregate annual Sub-leasing Fee payable by the SHHL Group to the HKCM Group will be approximately HK\$2,200,000, after taking into consideration of future rental revision, and would not exceed 2.5% of each of the percentage ratios (other than the profits ratio) on an annual basis under Rule 14A.34 of the Listing Rules.

## **PARTICULARS OF THE SUPPLY AGREEMENT**

**Date** : 9 June 2004

**Parties** : (1) HKCM  
(2) SHHL

**Subject matter** : SHHL has agreed to sell (or to procure the relevant members of the SHHL Group to sell) to the HKCM Group, and HKCM has agreed to purchase (or to procure the relevant members of the HKCM Group to purchase) from the SHHL Group, the Products on, inter alia, the following terms:–

- (a) the prices of the Products (except bakery products) will be the wholesale prices principally based on the scale set from time to time for SHHL's corporate customers;
- (b) the prices of the bakery products will be the transfer prices charged to the retail outlets of the SHHL Group for similar products.

**Term** : The Supply Agreement shall be valid for three (3) years and be deemed to have commenced on 1 April 2004.

For each of the past two financial years, the value of the Products which the HKCM Group had purchased from the SHHL Group amounted to HK\$6,009,508 and HK\$5,716,289 respectively and representing less than 2.5% of the consolidated turnover of the HKCM Group and that of the SHHL Group for the financial years ended 31 March 2003 and 2004 respectively. By reference to the previous transactions and figures for the two years ended 31 March 2004 and the estimated increase in the sales of Products, the Directors expected that the maximum aggregate annual value of the sales of the Products by the SHHL Group to the HKCM Group under the Supply Agreement will be approximately HK\$6,200,000 and would not exceed 2.5% of each of the percentage ratios (other than the profits ratio) on an annual basis.

## **REASON FOR THE TRANSACTIONS**

The HKCM Group is principally engaged in the operation of restaurants and bakeries and property investment. The SHHL Group is principally engaged in the operation of bakery, eatery and property investment. The SHHL Group is supplying the HKCM Group quality products on competitive terms and the purchases of bakery products are incidental to HKCM Group's restaurant operations. The sub-leasing arrangement enables HKCM and SHHL to enjoy more favourable terms negotiated by HKCM from the head landlords when Premises are leased in a larger parcel. At the time of the initial listing of SHHL's shares on the Stock Exchange in 2000, a conditional waiver has been granted by the Stock Exchange in favour of SHHL pursuant to which SHHL was exempted from strict compliance with the requirements under Chapter 14.25(1) of the then Listing Rules in respect of, inter alia, the supply of the Products. Due to the recent amendments of the Listing Rules, the HKCM Group and the SHHL Group have entered into the Sub-leasing Agreement and the Supply Agreement in compliance with Rule 14A.35 of the Listing Rules.

The Transactions are entered into on terms no less favourable to HKCM and SHHL than those given to (or obtained from, whichever is applicable) independent third parties. The Directors are of the view that the terms of the Transactions are on normal commercial terms, negotiated on an arm's length basis, entered into in ordinary and usual course of business and fair and reasonable so far as the Shareholders are concerned.

HKCM is a substantial shareholder of SHHL and currently holding approximately 55.8% interest in SHHL. Mr. Chan Wai Cheung, Glenn, a Director of HKCM, and his associates are entitled to exercise, or control the exercise of, 10% or more of the voting power at annual general meeting of SHHL. Accordingly, HKCM is a connected person of SHHL and SHHL is a connected person of HKCM under the Listing Rules. The Transactions between the HKCM Group and the SHHL Group constitute connected transactions for both HKCM and SHHL under Chapter 14A of the Listing Rules.

As each of the percentage ratios (other than the profits ratio) of each Transaction is on an annual basis less than 2.5%, each Transaction will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Relevant details of the Transactions will be included in subsequent annual reports and accounts of HKCM and SHHL pursuant to Rules 14A.45 and 14A.46 of the Listing Rules. In addition, HKCM and SHHL will comply with the annual review requirements set out in Rules 14A.37 to 14A.41 of the Listing Rules.

In the event that the Cap is exceeded or when the Sub-leasing Agreement or the Supply Agreement is renewed or there is a material change to the terms of any of such agreements, HKCM and SHHL will re-comply with Rules 14A.35 (3) and (4) of the Listing Rules.

As at the date of this announcement, the Board of HKCM comprises six executive Directors, namely: Mr. Chan Wai Cheung, Glenn, Mr. Chan Ka Lai, Joseph, Mrs. Chan King Catherine, Mr. Chiu Wai, Mr. Shum Wing Hon and Ms. Wong Tsui Yue, Lucy and three independent non-executive Directors, namely: Mr. Cassam Soliman Gooljarry, Dr. Kwok Lok Wai, William and Mrs. Fung Yeh Yi Hao, Yvette (*Mr. Chan Ip Sing, Evans, is alternate to Mrs. Fung Yeh Yi Hao, Yvette*).

As at the date of this announcement, the Board of SHHL comprises five executive Directors, namely: Mr. Chan Wai Cheung, Glenn, Mr. Shum Wing Hon, Ms. 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.

## DEFINITIONS

|                     |                                                                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”             | the board of Directors                                                                                                                                                       |
| “Cap”               | HK\$10,000,000, being the maximum aggregate annual value of each Transaction                                                                                                 |
| “connected person”  | as defined in Chapter 14A of the Listing Rules                                                                                                                               |
| “Director(s)”       | director(s) of HKCM and/or director(s) of SHHL                                                                                                                               |
| “HKCM”              | Hong Kong Catering Management Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “HKCM Group”        | HKCM and its subsidiaries                                                                                                                                                    |
| “Hong Kong”         | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                |
| “Listing Rules”     | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                          |
| “percentage ratios” | as defined in Chapter 14A of the Listing Rules                                                                                                                               |
| “Premises”          | the premises of which the HKCM Group is the tenant or licensee                                                                                                               |

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|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Products”              | festive products, semi-finished products, bakery products, cakes and other food products                                                                           |
| “Shareholders”          | holders of the shares of HKCM and holders of the shares of SHHL                                                                                                    |
| “SHHL”                  | Saint Honore Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “SHHL Group”            | SHHL and its subsidiaries                                                                                                                                          |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited                                                                                                                            |
| “Sub-leasing Agreement” | the agreement for the sharing/sub-leasing the Premises dated 9 June 2004 entered into between SHHL and HKCM                                                        |
| “Supply Agreement”      | the agreement for the sale and purchase of the Products dated 9 June 2004 entered into between HKCM and SHHL                                                       |
| “Transactions”          | the continuing connected transactions contemplated under the Sub-leasing Agreement and the Supply Agreement and “Transaction” means any one of them                |
| “HK\$”                  | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                |

By Order of the Board  
**Wong Tsui Yue Lucy**  
*Company Secretary*

Hong Kong, 16 June 2004

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