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## **Tsui Wah Holdings Limited**

**翠華控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1314)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS LEASE AGREEMENTS**

Reference is made to the announcement of the Company dated 27 March 2015.

The Board announces that on 22 March 2018, the following Lease Agreements have been entered into between the Group and the connected persons of the Company to renew the Existing Lease Agreements:

- (i) Joy Express (as landlord) and Ever Million Rich (as tenant) entered into the Lease Agreement A in respect of the Des Voeux Road Central Premises for a period from 1 April 2018 to 31 March 2021; and
- (ii) Champion Stage (as landlord) and Ever Million Rich (as tenant) entered into the Lease Agreement B in respect of the Aberdeen Premises for a term of three years from 1 April 2018 to 31 March 2021.

As at the date of this announcement, (i) the issued share capital of Joy Express is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho Ting Chi, Mr. Cheung, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively; and (ii) the issued share capital of Champion Stage is owned as to 50%, 37.5% and 12.5% by Mr. Lee, Mr. Ho Ting Chi and Mr. Cheung, respectively. Mr. Lee is a Director and Mr. Cheung was a Director in the last 12 months. Accordingly, each of Joy Express and Champion Stage is an associate of the connected persons of the Company. Therefore, the transactions contemplated under the Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Lease Agreements have been entered into by the Group within a 12-month period and the landlords under the Lease Agreements are connected, the transactions under the Lease Agreements are required to be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As Mr. Lee has material interests in the transactions contemplated under the Lease Agreements, he has abstained from voting on the Board resolutions for approving the Lease Agreements and the transactions contemplated thereunder. For good corporate governance, Mr. Lee Tsz Kin Kenji (an executive Director and the son of Mr. Lee) has also abstained from voting.

As the applicable Percentage Ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the transactions as contemplated under the Lease Agreements are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **INTRODUCTION**

The principal terms of the Lease Agreements are set forth below:

### **LEASE AGREEMENT A**

<b>Date</b>	:	22 March 2018
<b>Parties</b>	:	(1) Joy Express (as landlord) (2) Ever Million Rich (as tenant)
<b>Premises</b>	:	The Des Voeux Road Central Premises
<b>Use</b>	:	The Des Voeux Road Premises will be used for restaurant operation under the name of Tsui Wah Restaurant (翠華餐廳)
<b>Term</b>	:	Three years from 1 April 2018 to 31 March 2021, both days inclusive
<b>Rent</b>	:	HK\$13,281,000 per year (HK\$1,106,750 per month)
<b>Deposit</b>	:	HK\$3,320,250 (representing an aggregate of three months' rent)

## LEASE AGREEMENT B

<b>Date</b>	:	22 March 2018
<b>Parties</b>	:	(1) Champion Stage (as landlord) (2) Ever Million Rich (as tenant)
<b>Premises</b>	:	The Aberdeen Premises
<b>Use</b>	:	The Aberdeen Premises will be used for restaurant operation under the name of Tsui Wah Restaurant (翠華餐廳)
<b>Term</b>	:	Three years from 1 April 2018 to 31 March 2021, both days inclusive
<b>Rent</b>	:	HK\$2,223,000 per year (HK\$185,250 per month)
<b>Deposit</b>	:	HK\$555,750 (representing an aggregate of three months' rent)

## HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS OF THE LEASE AGREEMENTS

The following sets forth the historical transaction amounts and the proposed Annual Caps:

	For FY ended 2016 (from 1 April 2015 to 31 March 2016) HK\$	For FY ended 2017 (from 1 April 2016 to 31 March 2017) HK\$	For FY ending 2018 (from 1 April 2017 to 31 March 2018) HK\$	For FY ending 2019 (from 1 April 2018 to 31 March 2019) HK\$	For FY ending 2020 (from 1 April 2019 to 31 March 2020) HK\$	For FY ending 2021 (from 1 April 2020 to 31 March 2021) HK\$
Lease Agreement A	13,980,000	13,980,000	13,980,000	13,281,000	13,281,000	13,281,000
Lease Agreement B	2,340,000	2,340,000	2,340,000	2,223,000	2,223,000	2,223,000

The Annual Caps are determined after taking into account (i) the historical transaction amounts under the Existing Lease Agreements; (ii) the market rent of the Premises according to the valuation reports issued by three independent property valuers; and (iii) various conditions of the Premises, including but not limited to the location of the Premises as well as the facilities and management services associated with the building.

The payment of the rent under the Lease Agreements will be funded by internal resources of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LEASE AGREEMENTS**

The Group has been carrying on its *Cha Chaan Teng* business in, amongst other places, the Premises for more than seven consecutive years. The entering into of the Lease Agreements by the Group will ensure that there will be no disruption to the Group's restaurant business in the Premises.

The terms of Lease Agreements were negotiated on an arm's length basis by reference to the prevailing market rent for comparable premises in the vicinity. The Directors believe that the Premises are located in prime locations of Hong Kong, with easy transportation access and are of great convenience to our customers and can further strengthen the branding and presence of the Group.

The Directors (including the independent non-executive Directors) are of the opinion that:

- (i) the terms of the Lease Agreements are on normal commercial terms that are fair and reasonable;
- (ii) the Annual Caps are fair and reasonable; and
- (iii) the continuing connected transactions contemplated under the Lease Agreements are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Company, an investment holding company, and its subsidiaries are principally engaged in the operation of a chain of *Cha Chaan Teng* under the "Tsui Wah (翠華)" brand, with 35 restaurants in the PRC, 31 restaurants and one bakery shop in Hong Kong and three restaurants in the Macau Special Administration of the PRC as at the date of this announcement.

Ever Million Rich, an indirect wholly-owned subsidiary of the Company, is principally engaged in restaurant operation.

## **INFORMATION ON JOY EXPRESS**

The principal business activity of Joy Express is property investment.

To the best of the Directors' information and belief, having made all reasonable enquires, as at the date of this announcement, the issued share capital of Joy Express is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee (a Director), Mr. Ho Ting Chi, Mr. Cheung (a Director in the last 12 months), Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively. Joy Express is, therefore, an associate of the connected persons of the Company under Chapter 14A of the Listing Rules. Mr. Cheung and Mr. Ho Ting Chi are also directors of Joy Express.

## **INFORMATION ON CHAMPION STAGE**

The principal business activity of Champion Stage is property investment.

To the best of the Directors' information and belief, having made all reasonable enquires, as at the date of this announcement, the issued share capital of Champion Stage is owned as to 50%, 37.5% and 12.5% by Mr. Lee (a Director), Mr. Ho Ting Chi and Mr. Cheung (a Director in the last 12 months), respectively. Champion Stage is, therefore, an associate of the connected persons of the Company under Chapter 14A of the Listing Rules. Mr. Cheung and Mr. Ho Ting Chi are also directors of Champion Stage.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) the issued share capital of Joy Express is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho Ting Chi, Mr. Cheung, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively; and (ii) the issued share capital of Champion Stage is owned as to 50%, 37.5% and 12.5% by Mr. Lee, Mr. Ho Ting Chi and Mr. Cheung, respectively. Accordingly, each of Joy Express and Champion Stage is an associate of the connected persons of the Company. Therefore, the transactions as contemplated under the Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Lease Agreements have been entered into by the Group within a 12-month period and the landlords under the Lease Agreements are connected, the transactions under the Lease Agreements are required to be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As Mr. Lee has material interests in the transactions contemplated under the Lease Agreements, he has abstained from voting on the Board resolutions for approving the Lease Agreements and the transactions contemplated thereunder. For good corporate governance, Mr. Lee Tsz Kin Kenji (an executive Director and the son of Mr. Lee) has also abstained from voting.

As all of the applicable Percentage Ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the transactions as contemplated under the Lease Agreements are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **DEFINITIONS**

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

“Aberdeen Premises”	the premises located at shops 1, 2, 3 and 10 on Lower Ground Floor, Comfort Centre, No. 108 Old Main Street Aberdeen, No. 18, Yue Fai Road, Hong Kong
“Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Lease Agreements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company

“ <i>Cha Chaan Teng</i> ”	Hong Kong-style restaurants that serve Asian and Western cuisines in a casual environment
“Champion Stage”	Champion Stage Limited (鼎鴻有限公司), a company incorporated in Hong Kong with limited liability and owned as to 50%, 37.5% and 12.5% by Mr. Lee, Mr. Ho Ting Chi and Mr. Cheung, respectively
“Company”	Tsui Wah Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed and traded on the main board of the Stock Exchange (stock code: 1314)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Des Voeux Road Central Premises”	the premises located at ground floor and basement floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong
“Director(s)”	the director(s) of the Company
“Ever Million Rich”	Ever Million Rich Limited (永萬富有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Existing Lease Agreements”	two lease agreements both dated 27 March 2015 and entered into between the Group and each of Joy Express and Champion Stage, respectively in respect of the leasing of the Des Voeux Road Central Premises and the Aberdeen Premises, respectively
“FY”	the financial year
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joy Express”	Joy Express Limited (駿傑有限公司), a company incorporated in Hong Kong with limited liability and owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho Ting Chi, Mr. Cheung, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively
“Lease Agreement A”	the lease agreement dated 22 March 2018 and entered into between Joy Express and Ever Million Rich in respect of the Des Voeux Road Central Premises

“Lease Agreement B”	the lease agreement dated 22 March 2018 and entered into between Champion Stage and Ever Million Rich in respect of the Aberdeen Premises
“Lease Agreements”	the Lease Agreement A and the Lease Agreement B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Yu To, an executive Director in the last 12 months
“Mr. Lee”	Mr. Lee Yuen Hong, the chairman of the Board and an executive Director
“Percentage Ratios”	the percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction under the Listing Rules
“PRC”	the People’s Republic of China but for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Premises”	the Des Voeux Road Central Premises and the Aberdeen Premises
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Tsui Wah Holdings Limited**  
**Kwok Siu Man**  
*Company Secretary*

Hong Kong, 22 March 2018

*As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr. LEE Yuen Hong and Mr. LEE Tsz Kin Kenji; (b) as non-executive Directors, Mr. CHENG Chung Fan, Mr. CHENG Yu Sang and Mr. WONG Chi Kin; and (c) as our independent non-executive Directors, Mr. GOH Choo Hwee, Mr. TANG Man Tsz and Mr. YIM Kwok Man.*