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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
IN RELATION TO
LEASE AGREEMENT OF HUNG TO ROAD PREMISES**

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

The Board announces that as the 2015 Lease Agreement had expired on 31 March 2018, Success Path (as landlord) and Ever Million Rich (as tenant) entered into the Lease Agreement on 25 April 2018 (after the securities trading hours of the Stock Exchange), in respect of the Hung To Road Premises for a term of one year from 18 April 2018 to 17 April 2019. As the Group had continued to use the Hung To Road Premises after the expiry of the 2015 Lease Agreement but before the commencement of the new term under the Lease Agreement, i.e. during the period from 1 to 17 April 2018, the parties to the 2015 Lease Agreement also entered into a confirmation pursuant to which the rental amount for such period had been agreed to be HK\$155,833.33, which was calculated by reference to the monthly rent amount under the 2015 Lease Agreement on a pro-rata basis.

As at the date of this announcement, the issued share capital of Success Path is owned as to 40% by Mr. Lee who is an executive Director and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, Success Path is an associate of the connected person of the Company. Therefore, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Lease Agreement and the March 2018 Lease Agreements were entered into by the Group within a 12-month period and the landlords under the Lease Agreement and the March 2018 Lease Agreements are connected, the transactions under the Lease Agreement and the March 2018 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 Agreement, he did not attend the Board meeting for considering and approving the Lease Agreement and the transactions contemplated thereunder and did not vote on the relevant resolutions. For good corporate governance, Mr. Lee Tsz Kin Kenji (an executive Director and the son of Mr. Lee) also did not attend such meeting and did not vote on the relevant resolutions.

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 Agreement and the March 2018 Lease Agreements (on an aggregate basis) 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

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

As the 2015 Lease Agreement had expired on 31 March 2018, Success Path (as landlord) and Ever Million Rich (as tenant) entered into the Lease Agreement on 25 April 2018 (after the securities trading hours of the Stock Exchange), in respect of the Hung To Road Premises for a term of one year from 18 April 2018 to 17 April 2019. As the Group had continued to use the Hung To Road Premises after the expiry of the 2015 Lease Agreement but before the commencement of the new term under the Lease Agreement, i.e. during the period from 1 to 17 April 2018, the parties to the 2015 Lease Agreement also entered into a confirmation pursuant to which the rental amount for such period had been agreed to be HK\$155,833.33, which was calculated by reference to the monthly rent amount under the 2015 Lease Agreement on a pro-rata basis.

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

LEASE AGREEMENT

Date	:	25 April 2018
Parties	:	(1) Success Path (as landlord) (2) Ever Million Rich (as tenant)
Premises	:	The Hung To Road Premises
Use	:	The Hung To Road Premises will be used for restaurant operation under the name of Tsui Wah Restaurant (翠華餐廳)
Term	:	One year from 18 April 2018 to 17 April 2019
Rent	:	HK\$261,250 per month
Deposit	:	HK\$783,750 (representing an aggregate of three months' rent)

HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

The following sets forth the historical transaction amounts and the proposed Annual Caps of the Lease Agreement and the March 2018 Lease Agreements:

	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 ended 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\$
March 2018 Lease Agreements	16,320,000	16,320,000	16,320,000	15,504,000	15,504,000	15,504,000
Lease Agreement	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,142,791*</u>	<u>148,042</u>	<u>—</u>
Total	<u><u>19,620,000</u></u>	<u><u>19,620,000</u></u>	<u><u>19,620,000</u></u>	<u><u>18,646,791</u></u>	<u><u>15,652,042</u></u>	<u><u>15,504,000</u></u>

* Including HK\$155,833.33, being the rental for the period from 1 to 17 April 2018

The annual caps of the Hung To Road Premises are determined after taking into account (i) the historical transaction amount under the 2015 Lease Agreement; (ii) the market rent of the Hung To Road Premises according to the valuation reports issued by certain independent property valuers; and (iii) various conditions of the Hung To Road Premises, including but not limited to the location of the Hung To Road Premises as well as the facilities and management services associated with the building.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

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

The terms of Lease Agreement 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 Hung To Road Premises are located in prime locations of Hong Kong, with easy transportation access and are of great convenience to the Group's 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 Agreement 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 Agreement 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 is an investment holding company, and its subsidiaries are principally engaged in the operation of a total of 70 restaurants. These include 68 restaurants that are owned by the Group and operated under the brand of “Tsui Wah”, of which 31, 34 and three are located in Hong Kong, the PRC and Macau, respectively. The Group also operates 2 sub-brands, namely EATery 21 (廿一堂) and BEAT, in Hong Kong 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 SUCCESS PATH

The principal business activity of Success Path 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 Success Path is owned as to 40% by Mr. Lee. Success Path is, therefore, an associate of the connected person of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the issued share capital of Success Path is owned as to 40% by Mr. Lee who is an executive Director and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, Success Path is an associate of the connected person of the Group. Therefore, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Lease Agreement and the March 2018 Lease Agreements were entered into by the Group within a 12-month period and the landlords under the Lease Agreement and the March 2018 Lease Agreements are connected, the transactions under the Lease Agreement and the March 2018 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 Agreement, he did not attend the Board meeting for considering and approving the Lease Agreement and the transactions contemplated thereunder and did not vote on the relevant resolutions. For good corporate governance, Mr. Lee Tsz Kin Kenji (an executive Director and the son of Mr. Lee) also did not attend such meeting and did not vote on the relevant resolutions.

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 Agreement and the March 2018 Lease Agreements (on an aggregate basis) 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 terms/expressions have the following respective meanings:

“2015 Lease Agreement”	the lease agreement dated 27 March 2015 and entered into between Success Path and Richberg Development Limited (智庫發展有限公司) (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company) in respect of the Hung To Road Premises
“Annual Caps”	the proposed annual caps for the continuing connected transaction contemplated under the Lease Agreement and the March 2018 Lease Agreement
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“Cha Chaan Teng”	Hong Kong-style restaurants that serve Asian and Western cuisines in a casual environment
“Company”	Tsui Wah Holdings Limited (stock code: 1314), 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
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“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
“FY”	financial year
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hung To Road Premises”	the premises located at G/F, 1/F and 2/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong

“Lease Agreement”	the lease agreement dated 25 April 2018 and entered into between Success Path and Ever Million Rich in respect of the Hung To Road Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“March 2018 Lease Agreements”	(1) the lease agreement dated 22 March 2018 and entered into between Joy Express Limited (as landlord) and Ever Million Rich (as tenant) in respect of the premises located at ground floor and basement floor, Cheong K. Building, 84–86 Des Voeux Road Central, Hong Kong; and (2) the lease agreement dated 22 March 2018 and entered into between Champion Stage Limited (as landlord) and Ever Million Rich (as tenant) in respect of 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
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Lee”	Mr. Lee Yuen Hong, the chairman of the Board and an executive Director
“Percentage Ratio(s)”	the percentage ratio(s) 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, excluding Hong Kong, Macau and Taiwan
“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
“subsidiary(ies)”	has the meaning ascribed to this term under the Listing Rules

“Success Path” Success Path Limited (成路有限公司), a company incorporated in Hong Kong with limited liability and owned as to 40% by Mr. Lee

“%” per cent

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

Hong Kong, 25 April 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 and Mr. WONG Chi Kin; and (c) as independent non-executive Directors, Mr. GOH Choo Hwee, Mr. TANG Man Tsz and Mr. YIM Kwok Man.