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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 25 April 2018. According to the aforesaid announcement, Success Path (as landlord) and Ever Million Rich (as tenant) entered into the 2018 Lease Agreement, pursuant to which Success Path agreed to lease the Hung To Road Premises to Ever Million Rich for a term of one year commencing on 18 April 2018 and ending on 17 April 2019 (both days inclusive).

The Board announces that as the 2018 Lease Agreement has expired on 17 April 2019, Success Path (as landlord) and Ever Million Rich (as tenant) has entered into the Renewed Lease Agreement on 17 April 2019 (after the securities trading hours of the Stock Exchange) in respect of the Hung To Road Premises for a term of one year commencing on 18 April 2019 and ending on 17 April 2020 (both days inclusive).

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 pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, Success Path is an associate of Mr. Lee and thus a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions contemplated under the Renewed Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the terms of the leases under the March 2018 Lease Agreements and the 2018 Lease Agreement were entered into or completed within a 12-month period and the landlords under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements are connected, the transactions under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As Mr. Lee has a material interest in the transactions contemplated under the Renewed Lease Agreement, he has abstained from voting on the Board resolutions approving the Renewed Lease Agreement 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 on the relevant Board resolutions.

As the applicable Percentage Ratios with respect to the largest Annual Cap are more than 0.1% but less than 5%, the transactions contemplated under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements (on an aggregate basis) are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 25 April 2018. According to the aforesaid announcement, Success Path (as landlord) and Ever Million Rich (as tenant) entered into the 2018 Lease Agreement, pursuant to which Success Path agreed to lease the Hung To Road Premises to Ever Million Rich for a term of one year commencing on 18 April 2018 and ending on 17 April 2019 (both days inclusive).

As the 2018 Lease Agreement has expired on 17 April 2019, Success Path (as landlord) and Ever Million Rich (as tenant) has entered into the Renewed Lease Agreement on 17 April 2019 (after the securities trading hours of the Stock Exchange) in respect of the Hung To Road Premises for a term of one year commencing on 18 April 2019 and ending on 17 April 2020 (both days inclusive).

## **THE RENEWED LEASE AGREEMENT**

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

Date	:	17 April 2019
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 2019 to 17 April 2020 (both days inclusive) subject to the break clause set out below

Break clause	:	Success Path shall have the right to serve two clear months' prior notice to Ever Million Rich to terminate the lease agreement
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 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements:

	Historical annual rent for FY ended 2017 (from 1 April 2016 to 31 March 2017) HK\$	Historical annual rent for FY ended 2018 (from 1 April 2017 to 31 March 2018) HK\$	Historical annual rent for FY ended 2019 (from 1 April 2018 to 31 March 2019) HK\$	Proposed Annual Cap amount for FY ending 2020 (from 1 April 2019 to 31 March 2020) HK\$	Proposed Annual Cap amount for FY ending 2021 (from 1 April 2020 to 31 March 2021) HK\$
The March 2018 Lease Agreements	16,320,000	16,320,000	15,504,000	15,504,000	15,504,000
The 2018 Lease Agreement and the Renewed Lease Agreement	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,142,791</u>	<u>3,135,000</u>	<u>148,042</u>
Total	<u><u>19,620,000</u></u>	<u><u>19,620,000</u></u>	<u><u>18,646,791</u></u>	<u><u>18,639,000</u></u>	<u><u>15,652,042</u></u>

The proposed Annual Cap amount for the FY ending 31 March 2020 under the 2018 Lease Agreement and the Renewed Lease Agreement was determined by reference to (i) the total annual effective rental paid under the 2018 Lease Agreement; and (ii) the total annual effective rent payable under the Renewed Lease Agreement.

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

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED 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 Renewed 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 the Renewed 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 a prime location of Hong Kong, with easy transportation access, 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 Renewed 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 Renewed Lease Agreement 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 83 restaurants. These include 70 restaurants that are owned by the Group and operated under the brand of "Tsui Wah", of which 31, 35, three and one are located in Hong Kong, the PRC, Macau and the Republic of Singapore, respectively. The Group also operates several sub-brands, including Nijuuichi Don (廿一堂), BEAT Bakery, Chez Shibata, Maomao Eat (輕·快翠), Senbadou (千羽堂) and Deli Blossom (花盛) 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 Mr. Lee and a 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 pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, Success Path is an associate of Mr. Lee and thus a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions contemplated under the Renewed Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the terms of the leases under the March 2018 Lease Agreements and the 2018 Lease Agreement were entered into or completed within a 12-month period and the landlords under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements are connected, the transactions under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As Mr. Lee has a material interest in the transactions contemplated under the Renewed Lease Agreement, he has abstained from voting on the Board resolutions approving the Renewed Lease Agreement 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 on the relevant Board resolutions. Saved as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the Renewed Lease Agreement and has abstained from voting on the relevant Board resolutions.

As the applicable Percentage Ratios with respect to the largest Annual Cap are more than 0.1% but less than 5%, the transactions contemplated under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements (on an aggregate basis) are subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“2018 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
“Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the 2018 Lease Agreement, the Renewed Lease Agreement and the March 2018 Lease Agreements
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“March 2018 Lease Agreements”	<p>(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</p> <p>(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</p>
“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, which shall, for the purposes of this announcement, exclude Hong Kong, Macau and Taiwan

“Renewed Lease Agreement”	the lease agreement dated 17 April 2019 and entered into between Success Path and Ever Million Rich in respect of the Hung To Road 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
“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, 17 April 2019

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