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**唐宮(中國)控股有限公司**

**TANG PALACE (CHINA) HOLDINGS LIMITED**

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

**(Stock code: 1181)**

## **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE MASTER SERVICES AGREEMENT**

CTP F&B, a wholly-owned subsidiary of the Company, entered into the Renewed Master Services Agreement with Chiu Kwun on 12 March 2014 pursuant to which the Company, through CTP F&B, has agreed to renew the Master Services Agreement in relation to the sale of kitchen equipment by Chiu Kwun to the Group including the manufacture, installation and maintenance thereof.

In view of the fact that Chiu Kwun is indirectly wholly-owned by Mr. Ku Hok Chiu, an executive Director and a substantial shareholder of the Company, Chiu Kwun is a connected person of the Company.

As the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees payable by the Group to Chiu Kwun, the Renewed Master Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, the entering into of the Renewed Master Services Agreement by CTP F&B and the transaction contemplated thereunder constitute a continuing connected transaction for the Company under Rule 14A.34 of the Listing Rules which is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules.

Details of the Renewed Master Services Agreement and the transaction contemplated thereunder will be included in the Company's next published annual report in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

## **BACKGROUND**

CTP F&B entered into the Master Services Agreement with Chiu Kwun on 25 March 2011 for a term of three years commencing from 25 March 2011, pursuant to which Chiu Kwun would provide to the Group new kitchen equipment including the manufacture, installation and maintenance thereof.

The Master Services Agreement expired on 31 December 2013 and the parties thereto agreed to renew and extend the term of which for a period of three years commencing from 1 January 2014 to 31 December 2016.

## **RENEWED MASTER SERVICES AGREEMENT**

Date	:	12 March 2014
Parties	:	CTP F&B and Chiu Kwun
Effective Period	:	Three years commencing from 1 January 2014 and expiring on 31 December 2016
Nature of transaction	:	For each transaction under the Renewed Master Services Agreement, the parties will enter into separate contract or order, provided that the terms and conditions of each contract or order shall be (a) on normal commercial terms and (b) on terms which the Company considers to be no less favourable than terms offered by Independent Third Parties
Annual cap	:	RMB6.5 million (equivalent to approximately HK\$8,228,000), RMB7.0 million (equivalent to approximately HK\$8,861,000), and RMB7.5 million (equivalent to approximately HK\$9,494,000) for each of the three financial years ending 31 December 2016 respectively.

Prior to the signing of the Renewed Master Services Agreement, the cap amount of fees paid and payable by the Group to Chiu Kwun for the services provided thereunder for each of the three financial years ended 31 December 2013 were approximately RMB6.2 million (equivalent to approximately HK\$7,355,000), RMB7.5 million (equivalent to approximately HK\$8,897,000) and RMB9.9 million (equivalent to approximately HK\$11,744,000) respectively.

- Basis of determining the annual cap : In determining the annual cap, besides taking into account the aforementioned cap amount of service fees paid and payable by the Group for each of the three financial years ended 31 December 2013, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, the anticipated number of new restaurants to be opened, number of restaurants to be renovated and expected price of raw material, and having done so, for each of the three financial years ending 31 December 2016, the aggregate annual amount payable by the Group in respect of the Renewed Master Services Agreement is expected not to exceed RMB6.5 million (equivalent to approximately HK\$8,228,000), RMB7.0 million (equivalent to approximately HK\$8,861,000) and RMB7.5 million (equivalent to approximately HK\$9,494,000) respectively and accordingly, the above figures have been adopted as the annual cap for the transaction under the Renewed Master Services Agreement in respect of the same period.
- Reasons for and benefits of the transaction : The Group has a long history of co-operation with Chiu Kwun, during which the kitchen equipment supply is stable and could meet the Group's operation needs. The board resolved it is in the best interest of the Group to enter into the Renewed Master Services Agreement.

#### **LISTING RULES IMPLICATIONS OF CONTINUING CONNECTED TRANSACTIONS**

In view of the fact that Chiu Kwun is indirectly wholly-owned by Mr. Ku Hok Chiu, an executive Director and a substantial shareholder of the Company, Chiu Kwun is a connected person of the Company.

As the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees payable by the Group to Chiu Kwun, the Renewed Master Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, the entering into of the Renewed Master Services Agreement by CTP F&B and the transaction contemplated thereunder constitute a continuing connected transaction for the Company under Rule 14A.34 of the Listing Rules which is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules.

Details of the Renewed Master Services Agreement and the transaction contemplated thereunder will be included in the Company's next published annual report in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

## **GENERAL**

### **The Group**

The Group is primarily engaged in restaurant operation, providing a wide selection of food and beverage services in the PRC. The restaurants under the Group's own brand names serve a variety of Chinese and Japanese cuisine, and fast food restaurants under the franchise name.

### **Chiu Kwun**

Chiu Kwun is a company established in the PRC with limited liability and indirectly wholly-owned by Mr. Ku Hok Chiu, an executive Director and a substantial shareholder of the Company.

The principal business activity of Chiu Kwun is the manufacture, sale, installation and maintenance of kitchen equipment and provision of consultancy services related to kitchen equipment and kitchen layout.

The Directors (including the Independent Non-Executive Directors) are of the view that the Master Services Agreement was entered into after arm's length negotiations on normal commercial terms and that the terms of the Renewed Master Services Agreement (including the respective annual cap) are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Mr. Ku Hok Chiu has abstained from voting on the relevant board resolutions of the Company in relation to entering into of the Renewed Master Services Agreement given his interest in Chiu Kwun.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors of the Company
“Chiu Kwun”	Chiu Kwun Engineering (Shenzhen) Co. Ltd., a company established in the PRC with limited liability on 4 April 1990 and indirectly wholly-owned by Mr. Ku Hok Chiu, being one of our executive Directors and substantial Shareholders
“Company”	Tang Palace (China) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to that term in the Listing Rules
“CTP F&B”	China Tang Palace F&B Enterprise Limited, a wholly-owned subsidiary of the Company which was incorporated in British Virgin Island with limited liability

“Director(s)”	director(s) of the Company
“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
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or their respective associate(s) (as defined in the Listing Rules) or not otherwise a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Services Agreement”	the agreement dated 25 March 2011 entered into between CTP F&B and Chiu Kwun in relation to the sale of new kitchen equipment by Chiu Kwun to the Group including the manufacture, installation and maintenance thereof
“PRC”	the People’s Republic of China
“Renewed Master Services Agreement”	the agreement dated 12 March 2014 entered into between CTP F&B and Chiu Kwun in respect of the renewal of the Master Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Tang Palace (China) Holdings Limited**  
**YIP Shu Ming**  
*Chairman*

Hong Kong, 14 March 2014

*As at the date of this announcement, the Board comprises the following directors:*

*Executive directors:*

*Mr. Yip Shu Ming, Mr. Chan Man Wai,  
Mr. Ku Hok Chiu, Ms. Weng Peihe*

*Independent non-executive directors:*

*Mr. Kwong Chi Keung, Mr. Kwong Ping Man,  
Mr. Cheung Kin Ting Alfred*