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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 TENANCY AGREEMENTS**

Reference is made to the Announcements in relation to the Previous Tenancy Agreements entered into between the Group (as the tenant) and Meco Group and Dongguan Well Excellent (both as the landlords). As the Previous Tenancy Agreements will expire on 31 December 2018, the Group has on 21 December 2018 entered into the Renewed Tenancy Agreements with Meco Group and Dongguan Well Excellent to renew the Previous Tenancy Agreements.

Meco Group and Dongguan Well Excellent are owned as to 50% by Mr. Chan, 35% by Mr. Yip and 15% by Mr. Ku, who are controlling Shareholders and executive Directors of the Company. As such, each of Meco Group and Dongguan Well Excellent is a connected person of the Company under the Listing Rules, and the Renewed Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios relating to the Renewed Tenancy Agreements on an annual basis exceed 0.1% but is less than 5%, the transactions contemplated under the Renewed Tenancy Agreements are subject to the relevant reporting and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## BACKGROUND

Reference is made to the Announcements in relation to the Previous Tenancy Agreements entered into between the Group and Mecor Group and Dongguan Well Excellent wherein a total of six tenancies were disclosed. As the Previous Tenancy Agreements will expire on 31 December 2018, the Group (as the tenant) has on 21 December 2018 entered into the Renewed Tenancy Agreements with Mecor Group and Dongguan Well Excellent (both as the landlords) to renew the Previous Tenancy Agreements.

## FURTHER DETAILS OF THE RENEWED TENANCY AGREEMENTS

Set out below are the details in relation to the premises leased from Mecor Group by the Group:

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
(1) Units 2101, 2102, 2103, 2105, 2106, 2107 and 2108, Block H, Expo Square, Dongcheng District, Dongguan city, Guangdong Province, the PRC	(i) 3,461.80 sq. m. (ii) Restaurant	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB110,000	Monthly rent of RMB110,000 is payable by our Group to Mecor Group in advance each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.
(2) Units 2058, 2068, 2078, 2088, 2098, 2248, 2258, 2308, 2318, 2348, 2358, 2418, 2428, 2438, 2448, 2458 and 2468, Shenzhen Cinema, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 566.35 sq. m. (ii) Restaurant	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB46,000	Monthly rent of RMB46,000 is payable by our Group to Mecor Group in advance each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
(3) Units 3018, 3078, 3088, 3098, 3108, 3118 and 3128 Level 3, Shenzhen Cinema, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 275.27 sq. m. (ii) Ancillary office	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB29,000	Monthly rent of RMB29,000 is payable by our Group to Meco Group in advance each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.
(4) Unit 4001 on Level 4, Shenzhen Cinema, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 1,157.18 sq. m. (ii) Restaurant	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB110,000	Monthly rent of RMB110,000 is payable by our Group to Meco Group in advance each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.
(5) Unit 1 on Level 6, Shenzhen Cinema, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 1,444.80 sq. m. (ii) Restaurant	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB114,000	Monthly rent of RMB114,000 is payable by our Group to Meco Group in advance each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.

Set out below are the details in relation to the premises leased from Dongguan Well Excellent by the Group:

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
(6) Units 3106, 3107, 3108, 4106, 4107 and 4108, Block H, Expo Square, Dongcheng District, Dongguan City, Guangdong Province, the PRC	(i) 2,908.26 sq. m. (ii) Restaurant	(i) 21 December 2018 (ii) 1 January 2019 to 31 December 2021	RMB91,000	Monthly rent of RMB91,000 is payable by our Group to Dongguan Well Excellent each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.

*Note:* The Previous Tenancy Agreements in respect of the premises under items (1), (2), (3), (5) and (6) in the table above were entered into on 11 January 2016 for the term from 1 January 2016 to 31 December 2018. The Previous Tenancy Agreement in respect of the premises under item (4) in the table above was entered into on 6 January 2017 for a term from 1 January 2017 to 31 December 2018.

### **Historical Transaction Amounts and Basis of Determination of the Rentals and Annual Caps**

The total actual rental paid and/or payable by the Group under the Previous Tenancy Agreements amounted to RMB4,396,000 (for five of the tenancies), RMB5,655,000 and RMB5,655,000 (both for six of the tenancies) for the years ended 31 December 2016, 31 December 2017 and 31 December 2018, respectively.

The annual cap for the rental payable by the Group under the Renewed Tenancy Agreements shall be no more than RMB6,000,000 for each of the three years ending 31 December 2021. The annual cap has been determined with reference to the rentals payable by the Group under the Renewed Tenancy Agreements.

The terms of the Renewed Tenancy Agreements, including the rentals payable by the Group, are arrived at after arm's length negotiations between the parties involved with reference to rentals paid by the Group under the Previous Tenancy Agreements, the prevailing market rent of comparable properties in similar area and the valuation report on the fairness of the rentals issued by APAC Asset Valuation and Consulting Limited, an independent property valuer. The Group intends to use its internal resources to fund the rentals payable under the Renewed Tenancy Agreements.

## **REASONS FOR THE RENEWAL OF THE PREVIOUS TENANCY AGREEMENTS**

As the Previous Tenancy Agreements relate to the existing premises at which part of the Group's business is carried out, their relocation would be costly and may have impact on daily business operation of the Group. Furthermore, based on the valuation report performed by APAC Asset Valuation and Consulting Limited that research on other similar premises at comparable locations in the open market, the Directors, after taking into account the prevailing market rent, consider it be reasonable and it is in the interest of the Group to enter into the Renewed Tenancy Agreements.

The Directors (including the independent non-executive Directors) consider that the Renewed Tenancy Agreements have been entered into on normal commercial terms (or better than normal commercial terms) and in the ordinary and usual course of business of the Group, and the terms of the Renewed Tenancy Agreements (including the rental payable) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Meco Group and Dongguan Well Excellent are owned as to 50% by Mr. Chan, 35% by Mr. Yip and 15% by Mr. Ku, who are controlling Shareholders and executive Directors of the Company, each of Meco Group and Dongguan Well Excellent is a connected person of the Company under the Listing Rules, and the Renewed Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules. Each of Mr. Chan, Mr. Yip and Mr. Ku abstained from voting at the board meeting approving the Renewed Tenancy Agreements.

As the applicable percentage ratios relating to the Renewed Tenancy Agreements on an annual basis exceed 0.1% but is less than 5%, the transactions contemplated under the Renewed Tenancy Agreements are subject to the relevant reporting and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Group is primarily engaged in restaurant operation, providing a wide selection of food and beverage services in the PRC (including Hong Kong). The Group, through self-owned and joint venture operations, serves a variety of Chinese, Japanese, Malaysian and Korean cuisines as well as operates fast food restaurants under the franchise name.

The Meco Group and Dongguan Well Excellent are principally engaged in properties leasing in PRC.

## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 11 January 2016 and 6 January 2017 respectively
“Board”	the board of Directors of Tang Palace (China) Holdings Limited
“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
“Director(s)”	director(s) of the Company
“Dongguan Well Excellent”	Dongguan Well Excellent Hotel Management Services Co., Ltd (東莞維華酒店管理服務有限公司), a company established in the PRC with limited liability, and wholly-owned by Well Excellent Development Limited (維華發展有限公司), a company incorporated in Hong Kong and owned as to 50% by Mr. Chan, 35% by Mr. Yip and 15% by Mr. Ku
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meco Group”	Meco Group Company Limited (美高集團有限公司), a company incorporated in Hong Kong with limited liability and owned as to 50% by Mr. Chan, 35% by Mr. Yip and 15% by Mr. Ku
“Mr. Chan”	Mr. Chan Man Wai, a controlling shareholder and an executive Director of the Company
“Mr. Ku”	Mr. Ku Hok Chiu, a controlling shareholder and an executive Director of the Company
“Mr. Yip”	Mr. Yip Shu Ming, a controlling shareholder, the Chairman and an executive Director of the Company

“PRC”	the People’s Republic of China
“Previous Tenancy Agreement(s)”	5 tenancy agreements dated 11 January 2016 and a tenancy agreement dated 6 January 2017 entered into between Meco Group and Dongguan Well Excellent, both as the landlords, and the Group as the tenant in relation to the leasing of various premises as operation of restaurant and ancillary office for the period from 1 January 2016 to 31 December 2018 and from 1 January 2017 to 31 December 2018, respectively. Details of the premises are set out under the section headed “Further Details of the Renewed Tenancy Agreements” in this announcement
“Renewed Tenancy Agreements”	6 tenancy agreements dated 21 December 2018 entered into between Meco Group and Dongguan Well Excellent, both as the landlords, and the Group as the tenant in relation to the leasing of various premises as operation of restaurant and ancillary office for the period from 1 January 2019 to 31 December 2021. Details of these agreements are set out under the section headed “Further Details of the Renewed Tenancy Agreements” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 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, 21 December 2018

*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*