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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)

CONTINUING CONNECTED TRANSACTION LEASE AGREEMENT

The Board announces that on 26 September 2014, Excellent Lead (as tenant) entered into a Lease Agreement with the Cheermax (as landlord) for leasing the Premises for a term of three years commencing from 15 October 2014 and expiring on 14 October 2017.

Excellent Lead is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, the entire issued share capital of Cheermax is owned by Mrs. Lee, the spouse of Mr. Lee. Accordingly, Cheermax is an associate of Mr. Lee and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the tenancy as contemplated under the Lease Agreement constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the tenancy as contemplated under the Lease Agreement 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 Board announces that on 26 September 2014, Excellent Lead (as tenant) entered into a Lease Agreement with the Cheermax (as landlord) for leasing the Premises for a term of three years commencing from 15 October 2014 and expiring on 14 October 2017.

THE LEASE AGREEMENT

- Date** : 26 September 2014
- Parties** : (1) Cheermax (as landlord)
(2) Excellent Lead (as tenant)
- Leased premises** : The Premises
- Use** : The Premises will be used for restaurant operation under the name of Tsui Wah Restaurant (翠華餐廳), unless with the prior written consent of Cheermax
- Term** : A term of three years, commencing from 15 October 2014 and expiring on 14 October 2017
- Option to renew** : Subject to the terms and conditions as set out in the Lease Agreement, Excellent Lead shall have the option to renew the Lease Agreement upon expiration of the current term for a further term of three years from 15 October 2017 to 14 October 2020 at the rent of not exceeding HK\$348,450 per month by giving an irrevocable written notice to Cheermax from 14 April 2017 to 14 July 2017
- Rent and other outgoings** : Under the Lease Agreement, the calendar monthly rent shall be HK\$303,000 with the first 60 days of the term being rent-free (exclusive of government rates, management fee, outgoings and other charges) payable in advance without deduction or set off on the first day of each calendar month.
- Pursuant to the Lease Agreement, Excellent Lead shall deposit with Cheermax the sum equivalent to three (3) times the calendar monthly rent as a deposit to secure the observance and performance by Excellent Lead as a tenant.
- Excellent Lead shall also be responsible for or pay on demand (i) all the deposits and charges for the utility services (i.e. water, electricity, telephone and other services to the Premises) to the relevant utility companies; (ii) all rates, taxes and outgoings of an annual or recurring nature to the Hong Kong Government or competent authority; and (iii) monthly management, maintenance and air-conditioning charges payable in respect of the Premises pursuant to the deed of mutual covenant of the building where the Premises is situated, save for those of a capital nature.

PROPOSED ANNUAL CAPS OF THE LEASE AGREEMENT

The following sets forth the Annual Caps:

	Annual Caps			
	For financial year ending 2015 (from 15 October 2014 to 31 March 2015)	For financial year ending 2016 (from 1 April 2015 to 31 March 2016)	For financial year ending 2017 (from 1 April 2016 to 31 March 2017)	For financial year ending 2018 (from 1 April 2017 to 14 October 2017)
Annual Caps	HK\$1,682,000	HK\$3,636,000	HK\$3,636,000	HK\$1,955,000

The Annual Caps are determined after taking into account (i) the market rent of the Premises according to the valuation reports issued by three independent property valuers, namely AA Property Services Limited, Savills Valuation and Professional Services Limited and Roma Appraisals Limited, respectively; and (ii) 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 will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Lease Agreement was entered into between Excellent Lead and Cheermax after arm's length negotiations with reference to the prevailing market rent for comparable premises in the vicinity. The Directors believe that the Premises is located in a prime location of the Tsim Sha Tsui district, with easy transportation access and is 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 Agreement are on normal commercial terms that are fair and reasonable;
- (ii) the Annual Caps are fair and reasonable; and
- (iii) the continuing connected transaction contemplated under the Lease Agreement is 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 Group is principally engaged in the operation of a chain of *Cha Chaan Teng* in Hong Kong, the PRC and Macau.

Excellent Lead, being an indirect wholly-owned subsidiary of the Company, is principally engaged in restaurant operation.

INFORMATION ON CHEERMAX

The principal business activity of Cheermax is investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the entire issued share capital of Cheermax is owned by Mrs. Lee, the spouse of Mr. Lee. Accordingly, Cheermax is an associate of Mr. Lee and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the tenancy as contemplated under the Lease Agreement constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

GENERAL

As Mr. Lee (being the spouse of Mrs. Lee, the landlord of the Premises) has a material interest in the transaction contemplated under the Lease Agreement, Mr. Lee has abstained from voting on the board resolutions approving the Lease Agreement and the transaction contemplated thereunder. Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui, who are concert parties with Mr. Lee under the Acting in Concert Confirmation, also abstained from voting on the board resolutions approving the Lease Agreement and the transaction contemplated thereunder.

As the applicable percentage ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the tenancy as contemplated under the Lease Agreement 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 meanings:

“Acting in Concert Confirmation”	a deed of confirmation dated 5 November 2012 executed by Mr. Lee, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui, whereby they confirmed the existence of their acting in concert arrangements
“Annual Caps”	the proposed annual caps for the continuing connected transaction contemplated under the Lease Agreement
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“ <i>Cha Chaan Teng</i> ”	茶餐廳, Hong Kong-style restaurants that serve Asian and Western cuisine in a casual environment

“Cheermax”	Cheermax Limited (喜慶有限公司), a company incorporated in Hong Kong with limited liability and wholly owned by Mrs. Lee
“Company”	Tsui Wah Holdings Limited (stock code: 1314), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Excellent Lead”	Excellent Lead Limited (優領有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Lease Agreement”	a lease agreement dated 26 September 2014 entered into between Cheermax as the landlord and Excellent Lead as the tenant in respect of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Yuen Hong, a controlling shareholder and chairman of the Company and an executive Director
“Mrs. Lee”	Ms. Chan Choi Fung, the spouse of Mr. Lee
“PRC”	the People’s Republic of China but for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Premises”	Shops A and B on the ground floor including Yard A thereof and offices A, B, C, D, E, F, G and H on the first floor including the flat roof appurtenant thereto of Hart Avenue Court, Nos. 19–23 Hart Avenue, Kowloon, Hong Kong
“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
LEE Yuen Hong
Chairman and executive Director

Hong Kong, 26 September 2014

As at the date of this announcement, our executive Directors are Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To and Mr. Cheung Yue Pui, our non-executive Director is Mr. Cheung Wai Keung and our independent non-executive Directors are Mr. Goh Choo Hwee, Mr. Wong Chi Kin and Mr. Yim Kwok Man.