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翠華集團®

TSUI WAH GROUP

Tsui Wah Holdings Limited

翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1314)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED DISPOSAL OF PROPERTIES

Capitalised terms used in this cover page shall have the same respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

SPECIAL ARRANGEMENTS FOR THE EGM

In view of the ongoing COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the EGM will be held at the venue of the EGM with the minimum number of persons present as is legally required to form a quorate meeting. The quorum will be formed by the Directors or other staff members of the Company, who are Shareholders or proxies. As such, **no other Shareholders shall attend the EGM in person**. For details of the special arrangements, please refer to the section headed “EGM” in the Letter from the Board.

27 May 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the meanings as respectively ascribed below:

“Agreement”	the sale and purchase agreement dated 14 April 2022 entered into between the Vendors and the Purchaser relating to the sale and purchase of the Properties
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for business
“Chairman”	the chairman of the Board
“Company”	Tsui Wah Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 1314)
“Completion”	completion of the Disposal
“Completion Date”	on or before 14 July 2022
“Condition Precedent”	the condition precedent to the Completion set out in the section headed “The Agreement” in the Letter from the Board
“COVID-19”	the novel coronavirus disease 2019
“Cui Fa”	Cui Fa Limited, a controlling shareholder of the Company as at the Latest Practicable Date
“Deposit”	the deposit paid by the Purchaser to the Vendors’ solicitors as stakeholders on the date of signing of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Properties under the Agreement

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened and held, at which an ordinary resolution will be proposed to consider, and, if thought fit, to approve the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement)
“Group”	the Company and its subsidiaries
“HKFRS 16”	the Hong Kong Financial Reporting Standard 16 Leases issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Property Valuer”	Flagship Appraisals and Consulting Limited
“Latest Practicable Date”	23 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Leaseback Arrangement”	the lease of the Properties by the Purchaser, as landlord, to the Vendors (or other subsidiary(ies) of the Company), as tenant, for a term commencing on the Completion Date and ending on 31 March 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“percentage ratio(s)”	has the meaning as ascribed to it under Rule 14.07 of the Listing Rules for classification of the type of transactions under the Listing Rules
“Properties”	Property 1 and Property 2
“Property 1”	Units Nos.1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

DEFINITIONS

“Property 2”	Units Nos.1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
“Purchaser”	China Resources Purchasing Godown Company Limited (華潤採購倉儲有限公司)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the Valuation Report of the Properties prepared by the Independent Property Valuer set out in Appendix I to this circular
“Vendors”	Vendor 1 and Vendor 2
“Vendor 1”	Corporate Winner Limited (洲永有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor 2”	Enrich Sources Limited (彩沃有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“sq. ft.”	square feet
“%”	per cent

In this circular, the terms “close associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the respective meanings given to such terms in the Listing Rules, unless the context otherwise requires.

LETTER FROM THE BOARD



翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited

翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1314)

Executive Directors:

Mr. Lee Yuen Hong (*Chairman*)

Mr. Lee Kun Lun Kenji

(Group Chief Executive Officer)

Ms. Lee Yi Fang

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Non-executive Directors:

Mr. Cheng Chung Fan

Mr. Wong Chi Kin

Mr. Yang Dong John

*Head office and principal place of
business in Hong Kong:*

Rooms 1606–1608, 16/F, Riley House

88 Lei Muk Road, Kwai Chung

New Territories

Hong Kong

Independent non-executive Directors:

Mr. Goh Choo Hwee

Mr. Tang Man Tsz

Mr. Yim Kwok Man

27 May 2022

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE PROPOSED DISPOSAL OF PROPERTIES**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 April 2022 in relation to the Disposal, pursuant to which the Vendors, indirect wholly-owned subsidiaries of the Company, as vendors and the Purchaser as purchaser entered into the Agreement, pursuant to which the Purchaser has agreed to purchase, and the Vendors have conditionally agreed to dispose of, the Properties at a total consideration of HK\$264,044,650.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information relating to the Disposal, the notice of the EGM and other information as required under the Listing Rules.

THE AGREEMENT

Date : 14 April 2022

Parties : (1) The Vendors;
(2) The Purchaser; and
(3) Cui Fa

Properties : (1) Units Nos.1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; and
(2) Units Nos.1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

The Properties, with a total gross floor area of approximately 72,341 sq. ft., was used as workshops and ancillary accommodation for non-domestic use as at the Latest Practicable Date.

The sale and purchase of the Properties are inter-conditional with each other.

Consideration and Payment Terms

The consideration of HK\$264,044,650 shall be paid by the Purchaser to the Vendors or the Vendors' solicitors (as the case may be) in the following manner:

- (1) HK\$26,404,465 shall be paid by the Purchaser to the Vendors' solicitors on the date of signing the Agreement as Deposit; and
- (2) the balance in the sum of HK\$237,640,185 shall be paid by the Purchaser to the Vendors on the Completion Date.

The Deposit shall be paid to the Vendors' solicitors as stakeholders, and shall not be released to the Vendors until the Completion.

LETTER FROM THE BOARD

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser by reference to (a) the fact that the Properties include the units which form a large block of contiguous space and that the Properties in whole (but not any part thereof) will be leased back by the Group at market rent after the Completion under a short term lease (up to 31 March 2023); and (b) the valuation of the Properties at completion stage of approximately HK\$259,800,000 as at 31 March 2022 shown in the Valuation Report, using market approach.

In view that a large block of contiguous space is not often seen on the market, the Board considers that the total consideration of the Disposal, which is slightly higher than the market value of the Properties, is fair and reasonable.

Condition Precedent

Completion is conditional upon the Shareholders having approved the Agreement and the transaction contemplated thereunder at the EGM.

In the event that the above condition shall not have been fulfilled on or before 15 August 2022, the Purchaser shall be entitled to rescind the Agreement by giving to the Vendors or the Vendors' solicitors notice in writing on 15 August 2022 (unless it is at the sole discretion of the Purchaser extended by the Purchaser) and in which case the Agreement shall be annulled and the Purchaser shall in that event be entitled to the refund of the Deposit forthwith but without any compensation or costs (if such refund is made within 7 days without interest) and the parties thereto shall at the cost of the Vendors enter into and cause to be registered at the Land Registry of Hong Kong an Agreement for Cancellation and subject to the aforesaid, neither party shall have any claim or cause of action against the other. In the event that the condition shall have been fulfilled after the Completion Date (but before 15 August 2022), the Completion shall take place within seven (7) business days after the fulfillment date of the condition.

Undertaking

Cui Fa undertakes and covenants with the Purchaser that it shall remain as a controlling shareholder of the Company and attend the EGM to vote all the Shares in issue held by it for the approval of the Agreement and the transaction contemplated thereunder.

Save for the above, Cui Fa has no other rights and obligations under the Agreement.

LETTER FROM THE BOARD

Completion

Subject to the fulfillment of the Condition Precedent, the Completion shall take place on the Completion Date. Upon the Completion, the Purchaser will lease back the Properties to the Vendors (or other subsidiary(ies) of the Company) from the Completion Date to 31 March 2023 at HK\$651,069 per month (exclusive of management fees, rates and government rent). Further details of the Leaseback Arrangement are disclosed in the section headed “LEASEBACK ARRANGEMENT” below.

INFORMATION OF THE PROPERTIES

Vendor 1 and Vendor 2 hold the interest in the Property 1 and Property 2 respectively.

The Properties are subject to mortgages which will be repaid through the proceeds of the consideration on the Completion.

The Properties were valued as at 31 March 2022 at a value of approximately HK\$259,800,000 by the Independent Property Valuer.

INFORMATION OF THE PARTIES TO THE AGREEMENT

The Purchaser

The Purchaser is incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business activity of the Purchaser is property investment.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, China Resources Company Limited (中國華潤有限公司), a Chinese state-owned entity supervised by the State-owned Assets Supervision and Administration Commission of the State Council, was the ultimate beneficial owner of the Purchaser, which was a third party independent of the Company and its connected persons.

The Group and the Vendors

The Company acts as an investment company and its subsidiaries are principally engaged in the provision of food catering services.

The Vendors are indirect wholly-owned subsidiaries of the Company with the principal business of investment holding.

LETTER FROM THE BOARD

Cui Fa

Cui Fa is a company incorporated in the British Virgin Islands with limited liability, holding 770,092,000 Shares, representing approximately 54.57% of the entire issued share capital of the Company as at the Latest Practicable Date. Please refer to the paragraph headed “SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SECURITIES” in Appendix III to this circular for the shareholding structure in Cui Fa.

REASONS FOR AND BENEFITS OF THE DISPOSAL

It is expected that after repayment of the existing mortgages in respect of the Properties, the Group will receive a net consideration of approximately HK\$202,807,000, before deducting related transaction costs and expenses.

Taking into consideration the proceeds from the Disposal and the estimated unaudited capital gain from the Disposal, the Board considers that the Disposal provides an optimum opportunity for the Company to realise cash and unlock the value of its investment in the Properties at a fair market value. Following the Completion, the Group expects to recognise an estimated unaudited capital gain (before transaction costs and expenses) of approximately HK\$91,058,000, after deducting the carrying amount of the Properties of approximately HK\$172,987,000 as at 14 July 2022 (assuming that the Completion shall take place on 14 July 2022) from the consideration of HK\$264,044,650. Gain on rights transferred to the Purchaser of approximately HK\$86,377,000 is expected to be recorded in the Group’s consolidated statement of profit or loss in accordance with HKFRS 16. The difference of approximately HK\$4,681,000 between the estimated unaudited capital gain and the gain on rights transferred comprises the financial liability of approximately HK\$5,551,000, being the present value of aggregate rent payable, after netting off the right-of-use assets of approximately HK\$870,000 (being the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group after taking into account, including the difference between the consideration and the fair value) to be recognised under the Leaseback Arrangement for the period from 14 July 2022 to 31 March 2023 (assuming that the Completion shall take place on 14 July 2022).

USE OF PROCEEDS

The net proceeds from the Disposal, after deducting the amount of approximately HK\$61,238,000 for discharging the Properties from the relevant mortgages and other estimated expenses in connection with the Disposal such as commission payable to the property agent in the sum of approximately HK\$3,423,000, is estimated to be approximately HK\$199,384,000. The Company intends to use such net proceeds from the Disposal as follows:

LETTER FROM THE BOARD

Use	Appropriate amount (HK\$'000)	Expected timeframe of full utilisation of such amount
Open new restaurants and/or renovation	80,000	September 2023
General working capital:		
(a) New office renovation and construction of new central kitchen	10,000	February 2023
(b) Repayment of lease liabilities	109,384	March 2023
	<u>199,384</u>	

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company pursuant to Rule 14.06(4) of the Listing Rules and is, therefore, subject to reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Completion is conditional upon the satisfaction of the Condition Precedent. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

LEASEBACK ARRANGEMENT

Pursuant to the Agreement, if the Completion materialises, the Vendors (or other company(ies) within the same Group) shall lease back the Properties, and the Purchaser shall grant a lease in respect of the Properties for the use of workshops and ancillary accommodation for non-domestic use. On the Completion, the Vendors (or such other subsidiary(ies) of the Company) shall execute and deliver to the Purchaser a tenancy agreement together with a corporate guarantee to be given by the Company for the due observance and performance of all the terms and conditions of the tenant under the tenancy agreement. It is expected that the tenancy agreement shall contain the following material terms:

Rent: HK\$651,069 (exclusive of government rent, management fees, rates, air-conditioning charges, water, gas and electricity charges and all other outgoings) payable monthly in advance.

LETTER FROM THE BOARD

- Term:** Commencing on the Completion Date and ending on 31 March 2023 (both days inclusive). Under the tenancy, vacant possession of the Properties will be delivered to the landlord upon the expiration or sooner determination of the term.
- Deposit:** HK\$2,446,020 (being the sum of HK\$1,953,207 in respect of three (3) months' rent, HK\$325,413 in respect of three (3) months' management fees and HK\$167,400 in respect of three (3) months' government rent and rates).
- Corporate guarantee:** The Company shall as guarantor execute a corporate guarantee in favour of the Purchaser (i.e. the landlord after the Completion) for securing all the obligations and liabilities of the tenant under the relevant tenancy agreement, including punctual payment of rent.
- Condition precedent:** There will not be any condition precedent to the entering into of the Leaseback Arrangement.
- Termination:** The Purchaser as landlord shall be entitled to terminate the tenancy and forfeit absolutely the deposit paid as and for liquidated damages (and not as penalty) or at the option of the landlord to deduct from the deposit the amount of any monetary loss to be incurred by the Purchaser as landlord in consequence of the breach, non-observance or non-performance by the tenant of the terms and conditions of the tenancy agreement.

Pursuant to the Agreement, the Group shall, amongst others, deliver the relevant tenancy agreement (substantially in the form annexed to the Agreement) duly executed by the Group together with the requisite payments for such tenancy on the Completion Date.

Right-of-use assets under the Leaseback Arrangement

The total aggregate value of consideration payable under the Leaseback Arrangement will be approximately HK\$5,587,000, being the aggregate rental payments for the period from 14 July 2022 to 31 March 2023 (assuming that the Completion shall take place on 14 July 2022). Subject to audit by the independent auditors of the Company, the value of the right-of-use assets to be

LETTER FROM THE BOARD

recognised by the Group under the Leaseback Arrangement is estimated to be approximately HK\$870,000, being the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group, in accordance with HKFRS 16.

Reasons for and Benefits of the Leaseback Arrangement

The Properties have since 2014 been using by the Group as its workshops and ancillary accommodation for non-domestic use. While the Company is looking for premises in other locations suitable for the said purposes in running the Company more efficiently and effectively, the Leaseback Arrangement would provide a time buffer before the Company could find one and move in.

The terms of the Leaseback Arrangement were arrived after arm's length negotiations and the rental was determined after taking into consideration the prevailing market price for comparable premises in the vicinity of the Properties.

The Directors consider that the transaction contemplated under the Agreement in respect of the Leaseback Arrangement is on normal commercial terms after arm's length negotiations between the parties thereto, and the terms of the transaction contemplated under the Agreement in respect of the Leaseback Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Rooms 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong, at 3:00 p.m. on Friday, 24 June 2022 at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement). For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, non-registered Shareholders must lodge all duly completed and stamped transfers of Shares, accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 June 2022.

LETTER FROM THE BOARD

Special Arrangements for the EGM

In view of the ongoing COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the EGM will be held at the venue of the EGM with the minimum number of persons present as is legally required to form a quorate meeting. The quorum will be formed by the Directors or other staff members of the Company, who are Shareholders or proxies. As such, **no other Shareholders or proxies shall attend the EGM in person**. Any other person who attempts to attend the EGM in person will not be permitted entry to the venue of the EGM.

Subject to prior registration and completion of identity verification, Shareholders may view and participate in the EGM through a live webcast (the “**Webcast**”) which can be accessed by using a smart phone, computer, tablet device or any device installed with the relevant application. Shareholders will be able to access the Webcast using the same link at the start of the EGM until its conclusion. Please follow the instructions on the landing page on how to access the Webcast. Any Shareholder who/which wishes to participate in the EGM by the Webcast must send his/her/its corporate representative’s full name, contact phone number and registered address by email to info@tsuiwah.com not later than 72 hours before the appointed time and date of the EGM. Shareholders may be required to produce copy identification documents to show identity and enable the Company to check against its Shareholders’ records kept by the Company’s branch share registrar in Hong Kong. Shareholders having completed registration and identity verification will be provided with the web link and/or password to access the Webcast 30 minutes before the start of the EGM until conclusion. Shareholders who are given the web link and/or password of the Webcast should not share such information with anyone else.

Shareholders having completed registration and identity verification can submit questions: (i) to the Board in advance at or before 9:00 a.m. on Thursday, 23 June 2022 by email to info@tsuiwah.com; or (ii) during the EGM through the live webcast dialogue function. Subject to the discretion of the chairman of the EGM (the “**Chairman**”) as to the proper conduct of the meeting, questions relevant to the business of the EGM will be addressed by the Board to the extent possible at the EGM.

No remote voting system will be provided at the Webcast. If a Shareholder (whether individual or corporate) wishes to exercise rights as a Shareholder at the EGM, he/she/it must appoint the Chairman as the proxy to attend and vote on his/her/its behalf at the EGM. In appointing the Chairman as his/her/its proxy, a Shareholder (whether individual or corporate) may give specific instruction as to voting in the form of proxy for use at the EGM (the “**Proxy Form**”). Should no such specific instruction be given in the Proxy Form, the Chairman can vote at his/her absolute discretion. If a Shareholder appoints a person who is not the Chairman as the proxy, that person will not be permitted entry to the venue of the EGM and will not be able to exercise any voting right of that Shareholder.

LETTER FROM THE BOARD

A Proxy Form is enclosed with this circular, which should be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or the adjournment thereof.

The Company is closely monitoring the impact of COVID-19 pandemic in Hong Kong. Should any changes be made to the EGM arrangements, the Company will publish further announcement(s) to notify the Shareholders through the Company's website (www.tsuiwah.com) and the Stock Exchange's website (www.hkexnews.hk).

To the best of the Directors' knowledge, as at the Latest Practicable Date, no Shareholder had a material interest in the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement) and accordingly, no Shareholder will be required to abstain from voting in respect of the ordinary resolution to approve the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement) at the EGM.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement) are on normal commercial terms which have been made on an arm's length basis and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution in relation to the Agreement and the transaction contemplated thereunder (including the Leaseback Arrangement) to be proposed in the EGM.

GENERAL

The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English text of this circular will prevail.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Tsui Wah Holdings Limited
Lee Yuen Hong
Chairman and Executive Director

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Flagship Appraisals and Consulting Limited, an independent property valuer, in connection with its valuation as at 31 March 2022 of the Properties located in Hong Kong.

**Flagship Appraisals and Consulting Limited**

Unit 714, Lippo Sun Plaza
28 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

27 May 2022

The Directors

Tsui Wah Holdings Limited

Unit 1606-1608, 16/F, Riley House
88 Lei Muk Road, Kwai Chung
New Territories
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Tsui Wah Holdings Limited (the “**Company**”) for us to value the property held by the Company and/or its subsidiaries (together referred to as the “**Group**”) located in Hong Kong. We confirm that we have conducted an inspection, made relevant enquiries, and obtained such further information as we consider necessary to provide you with our opinion of the property’s market value as of 31 March 2022 (the “**valuation date**”).

BASIS OF VALUATION

The valuation is our opinion of market value which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

In valuing the property, we have adopted the comparison approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales information as available in the relevant market. Appropriate adjustments have been made to account for the differences between the property and the comparables in terms of time, accessibility and other relevant factors.

TITLE INVESTIGATION

We have caused searches made at the Land Registry in Hong Kong in respect of the property located in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copy handed to us. All legal documents disclosed in this report, if any, are for reference only, and no responsibility is assumed for any legal matters concerning the legal title to the property interest set out in this report.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property. No forced sale situation in any manner is assumed in our valuation.

In valuing the property, we have assumed that the property owner has valid and enforceable title to the property, which is freely transferable, and has free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual Government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

The property inspection was conducted in April 2022 by Mr. Man Lam (MHKIS). During our inspection, we did not note any serious defects. However, no structural survey has been done and we are not able to report as to whether the property is free from rot, infestation or any other structural defect. No test has been carried out on any of the services. We have assumed in our valuation that the property is in good structural condition at the valuation date.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group. We have accepted the advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identifications of the property and all other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the property but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group, and we have relied on your advice that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages, or amounts owing on the property or any expenses or taxation that may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures. It is in compliance with the Listing Rules.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has and continues to impact many aspects of daily life and the global economy — with some real estate markets have experienced lower levels of transactional activity and liquidity. Many countries have implemented travel, movement and operational restrictions. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect global economies and real estate markets. Nevertheless, as at the valuation date, property markets are mostly functioning again. However, we remain cautious due to uncertainty about the pace of the economic recovery; therefore, we recommended that the valuation of the property should be under frequent review.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$) and no allowance has been made for any exchange transfers.

The summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
FLAGSHIP APPRAISALS AND CONSULTING LIMITED
Man C.M. Lam
MHKIS, RPS(G.P.), MRICS
Consultant

Note:

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 17 years' experience in valuations of properties in Hong Kong.

SUMMARY OF VALUE

Property held under owner-occupation

Property	Market Value in existing state as at 31 March 2022 HK\$
Units 1601-1608 on the 16th Floor and Units 1701-1704 on the 17th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	259,800,000
	Total: 259,800,000

VALUATION CERTIFICATE

Property held under owner-occupation

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2022 HK\$
Units 1601-1608 on the 16th Floor and Units 1701-1704 on the 17th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong 50,237/944,862th equal and undivided shares of and in Lot No. 937 in D.D. 450	<p>The property comprises various units on the 16th Floor & 17th Floor of a high-rise industrial building completed in 1992.</p> <p>The total saleable area of the property is approximately 55,220 sq. ft.</p> <p>The property is held under New Grant No. 4185 for a term of 99 years commencing on 1 July 1898 at an annual rent of HK\$900. The said term has been statutorily extended to 30 June 2047 by virtue of the New Territories Leases (Extension) Ordinance.</p>	<p>The property was occupied by the Group for office and workshop uses as at the valuation date.</p>	259,800,000

Notes:

1. The property is located in Kwai Chung, New Territories, about 15 minutes' walking distance to Mass Transit Railway — Kwai Hing Station. The immediate locality is a composite industrial/residential area.
2. The registered owner of Units 1601-1608 on the 16th Floor of the property is Corporate Winner Limited via Memorial No. 14033100880031 dated 3 March 2014.
3. The registered owner of Units 1701 and 1704 on the 17th Floor of the property is Enrich Sources Limited via Memorial No. 14033100880084 dated 3 March 2014.
4. The registered owner of Units 1702 and 1703 on the 17th Floor of the property is Enrich Sources Limited via Memorial No. 14033100880135 dated 3 March 2014.

5. The property is subject to an Occupation Permit No. NT112/92 via Memorial No. TW858567 dated 24 September 1992.
6. The property is subject to a Deed of Mutual Covenant and Management Agreement with Plans via Memorial No. TW862882 dated 12 October 1992.
7. Units 1601-1608 on the 16th Floor of the property are subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited via Memorial No. 17121800760060 dated 30 November 2017.
8. Units 1701 and 1704 on the 17th Floor of the property are subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited via Memorial No. 17121800760021 dated 30 November 2017.
9. Units 1702 and 1703 on the 17th Floor of the property are subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited via Memorial No. 17121800760049 dated 30 November 2017.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the six months ended 30 September 2021 (the “Period”) and each of the three years ended 31 March 2021, 2020 and 2019 are disclosed in the following documents which have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.tsuiwah.com>), and can be accessible by the links as follows:

- interim report of the Company for the Period (Pages 12 to 29)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1216/2021121600931.pdf>
- annual report of the Company for the year ended 31 March 2021 (pages 51 to 120)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0729/2021072900406.pdf>
- annual report of the Company for the year ended 31 March 2020 (pages 56 to 136)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072901162.pdf>
- annual report of the Company for the year ended 31 March 2019 (pages 59 to 134)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0718/ltn20190718463.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at 31 March 2022, for the purpose of this statement of indebtedness, the Group has outstanding bank borrowings of approximately HK\$66.5 million which were secured by (a) the Group’s buildings and right-of-use assets; (b) unlimited corporate guarantees from the Company and certain of its wholly-owned subsidiaries; and (c) the Group’s bank deposits.

Lease Liabilities

As at 31 March 2022, for the purpose of this statement of indebtedness, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK\$514.0 million.

Contingent Liabilities

As at 31 March 2022, for the purpose of this statement of indebtedness, the Group had contingent liabilities of approximately HK\$5.7 million in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 March 2022, the Group did not have any other outstanding borrowings, loan capital, bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseeable circumstances, after taking into account the presently available resources, the banking facilities available to the Group, the internally generated funds as well as the proceeds from the Disposal, the Group will have sufficient working capital to satisfy its requirements for at least next 12 months following the date of this circular. The Company has obtained the relevant confirmation from its auditor as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a leading Cha Chaan Teng (茶餐廳) chain owner and operator in Hong Kong offering customers a distinct, yet authentically Hong Kong-style, cuisine that combines traditional Cantonese fare with Western and Asian elements served in an informal and inviting dining atmosphere, but with attentive service.

Looking ahead, the outlook for the global economy is expected to be filled with unfavourable factors such as the global spread of the COVID-19 pandemic (the “**Pandemic**”). Despite the unfavourable factors including the Pandemic, the Board does not expect to have a significant adverse impact on the Group’s overall operations and cash flows.

As disclosed in the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL” in the Letter from the Board, the Disposal provides an optimum opportunity for the Company to realise cash and unlock the value of its investment in the Properties at a fair market value. Following the Completion, the Group expects to recognise an estimated unaudited capital gain (before transaction costs and expenses) of approximately HK\$91,058,000, after deducting the carrying amount of the Properties of approximately HK\$172,987,000 as at 14 July 2022 (assuming that the Completion shall take place on 14 July 2022) from the consideration of HK\$264,044,650. The Group intends to apply the net proceeds from the Disposal for such purposes as disclosed in the section headed “USE OF PROCEEDS” in the Letter from the Board.

The catering sector in Hong Kong, the Macau Special Administrative Region (“**Macau**”), Mainland China and the Republic of Singapore (“**Singapore**”) is still shrouded by various uncertainties arising from the Pandemic such as the time required for full recovery of the number of inbound visitors and local diners is still uncertain. To deal with the negative impact brought by the Pandemic, the Group has vigorously promoted its takeaway service and worked closely with popular food delivery service providers such as “deliveroo” and “foodpanda” of Hong Kong, and “Meituan” and “ele.me” of Mainland China. Meanwhile, the Group has also offered attractive discount to its takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service. As of 31 March 2022, a total of 85 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore.

Looking ahead, the Group will continue making efforts in promoting its takeaway service and exploring other new business models to cope with the market changes. Besides, the Group will make additional efforts in identifying more feasible solutions or approaches that could reduce operating costs. The Group will also keep an eye on the Pandemic and the market development, analyse the situation and adjust its strategies when necessary to minimise adverse impacts.

5. MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure

As at 30 September 2021, the Group had cash and cash equivalents amounting to approximately HK\$146.1 million (31 March 2021: approximately HK\$167.2 million). Most of the Group’s bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 30 September 2021, the Group’s total current assets and current liabilities were approximately HK\$304.0 million (31 March 2021: approximately HK\$307.2 million) and approximately HK\$447.2 million (31 March 2021: approximately HK\$432.7 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 0.7 time (31 March 2021: approximately 0.7 time).

As at 30 September 2021, the Group had interest-bearing bank borrowings amounting to approximately HK\$74.3 million (31 March 2021: approximately HK\$57.4 million). Most of the Group's interest-bearing bank borrowings were denominated in Hong Kong dollar. The amounts payable based on the maturity terms of the borrowings and ignoring the effect of any repayment on demand clause are analysed as follows:

	As at 30 September 2021	As at 31 March 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Within one year	15.6	5.4
In the second year	14.9	5.5
In the third to fifth years, inclusive	13.9	14.2
Beyond five years	29.9	32.3
	<u>74.3</u>	<u>57.4</u>
Effective interest rates of bank borrowings per annum	1.07% to 4.10%	1.12% to 1.82%

As at 30 September 2021, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to owners of the Company and then multiplied by 100%, was approximately 12.5% (31 March 2021: approximately 9.3%).

As for the treasury policies, the objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group generally finances its operations with internally generated resources and borrowings provided by banks. The Group endeavours to monitor its cash flow position, and to improve the cost-efficiency of funding initiatives by its treasury function.

As at 30 September 2021, capital commitments of the Group amounted to approximately HK\$3.7 million (31 March 2021: approximately HK\$6.0 million). These capital commitments mainly related to leasehold improvements and intangible assets expenditures for the Group.

As at 31 March 2022, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares, of which 1,411,226,450 Shares were in issue and fully paid.

Contingent liabilities

As at 30 September 2021, the Group had contingent liabilities of approximately HK\$5.7 million (31 March 2021: approximately HK\$5.8 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Charge on assets

As at 30 September 2021, the Group's bank loans were secured by (a) the Group's buildings, right-of-use assets and investment properties with carrying values of approximately HK\$96.1 million, HK\$139.3 million and HK\$43.1 million, respectively (31 March 2021: approximately HK\$57.2 million, HK\$125.5 million and HK\$ Nil, respectively); (b) unlimited corporate guarantees from the Company and certain of its wholly-owned subsidiaries; and (c) the Group's bank deposits of approximately HK\$21.4 million (31 March 2021: approximately HK\$2.4 million).

Human resources and remuneration policy

As at 30 September 2021, the Group employed approximately 2,600 employees. The Group's staff costs was approximately HK\$168.8 million for the six months ended 30 September 2021. Since the outbreak of the Pandemic, all members of the Board and the senior management voluntarily reduced their remuneration. Remuneration packages are generally determined by reference to market norms, individual qualifications, relevant experience and performance.

The Company operates a share option scheme ("**Share Option Scheme**") for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are/will be or are expected to be beneficial to the Group. The Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. In addition, the Company has adopted a share award scheme for the purpose of, amongst others, providing incentives and helping the Group in retaining its existing employees. The Group periodically reviews the remuneration of its employees.

The Group has been providing comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services for relevant employees in order to enhance the quality of services expected from customer-facing staff and ensure the effective implementation of the Group's business ethos.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares

Name of Directors	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company ⁽²⁾
Mr. Lee Yuen Hong ⁽¹⁾	Interest in a controlled corporation ⁽¹⁾	770,092,000 (L)	54.57%
Mr. Lee Kun Lun Kenji	Beneficial interest	136,000 (L)	0.01%

Notes:

(1) The 770,092,000 Shares were held by Cui Fa. As at the Latest Practicable Date, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively. Mr. Lee Yuen Hong was deemed to be interested in all the Shares held by Cui Fa under the SFO.

(2) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at Latest Practicable Date.

Abbreviation: "L" stands for long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Long positions in the Shares

Name of Shareholders	Capacity/ Nature of interest	Number of shares	Approximate percentage of issued share capital in the Company ⁽⁸⁾
Ms. Chan Choi Fung ⁽¹⁾	Interest of a spouse	770,092,000 (L)	54.57%
Mr. Ho Ting Chi ⁽²⁾	Interests held jointly with other persons and interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yu To ⁽²⁾	Interests held jointly with other persons and interest in a controlled corporation	878,956,000 (L)	62.28%

Name of Shareholders	Capacity/ Nature of interest	Number of shares	Approximate percentage of issued share capital in the Company ⁽⁸⁾
Mr. Cheung Yue Pui ⁽²⁾	Interests held jointly with other persons and interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Wai Keung ⁽²⁾	Interests held jointly with other persons and interest in a controlled corporation	878,956,000 (L)	62.28%
Ms. Woo Chun Li ⁽³⁾	Interest of a spouse	878,956,000 (L)	62.28%
Ms. Tai Ngan Har Talia ⁽⁴⁾	Interest of a spouse	878,956,000 (L)	62.28%
Ms. Lam Hiu Man ⁽⁵⁾	Interest of a spouse	878,956,000 (L)	62.28%
Ms. Lui Ning ⁽⁶⁾	Interest of a spouse	878,956,000 (L)	62.28%
Cui Fa ⁽⁷⁾	Beneficial owner	770,092,000 (L)	54.57%

Notes:

- (1) Ms. Chan Choi Fung is the spouse of Mr. Lee Yuen Hong.
- (2) Pursuant to a deed of confirmation dated 5 November 2012 and entered into amongst them (the “**Deed of Confirmation**”), Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them. Each of Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held and deemed to be held by them in aggregate by virtue of the SFO. However, Mr. Lee Yuen Hong is no longer deemed to be interested in the same parcel of Shares in which Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung are interested under the Deed of Confirmation.
- (3) Ms. Woo Chun Li is the spouse of Mr. Cheung Wai Keung.
- (4) Ms. Tai Ngan Har Talia is the spouse of Mr. Ho Ting Chi.

- (5) Ms. Lam Hiu Man is the spouse of Mr. Cheung Yue Pui.
- (6) Ms. Lui Ning is the spouse of Mr. Cheung Yu To.
- (7) As at the Latest Practicable Date, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively. Each of Mr. Lee Yuen Hong and Mr. Lee Kun Lun Kenji is a director of Cui Fa.
- (8) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at Latest Practicable Date.

Abbreviations: “L” stands for long position

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than the Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Mr. Lee Yuen Hong and Mr. Lee Kun Lun Kenji are currently directors of Cui Fa. As at the Latest Practicable Date, save as disclosed above, so far as is known to the Directors, none of the Directors held offices as substantial Shareholders in Cui Fa.

4. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS AND MEMBERS

As at the Latest Practicable Date, there were no transactions, arrangements and contracts of significance in relation to the Group’s business to which the Company or its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Group were made up.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

8. MATERIAL CONTRACTS

No member of the Group has entered into any contracts, not being contracts entered into in the ordinary course of business, within the two years immediately preceding the date of this circular and are or may be material.

9. EXPERT AND CONSENT

The following expert has been named in this circular or has given opinion or advice which are contained in this circular.

Name	Qualification
Flagship Appraisals And Consulting Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear;

- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives, which carry voting rights in any member of the Group; or
- (c) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 March 2021), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.tsuiwah.com) for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the written consent referred to in the paragraph headed “EXPERT AND CONSENT” in this Appendix; and
- (c) the Valuation Report.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Sir Kwok Siu Man KR, a fellow member of each of the Chartered Governance Institute in England, The Hong Kong Chartered Governance Institute, The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Association of Hong Kong Accountants, The Hong Kong Institute of Directors and the Hong Kong Society of Registered Financial Planners, as well as a member of the Hong Kong Securities and Investment Institute. He also possesses professional qualifications in arbitration, taxation, internal audit and human resource management. In addition, he has passed the Common Professional (Laws) Examination in England and Wales.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (c) The Cayman Islands principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (d) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited

翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1314)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Tsui Wah Holdings Limited (the “**Company**” and the “**EGM**”, respectively) will be held at Rooms 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong, on Friday, 24 June 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (i) the sale and purchase agreement dated 14 April 2022 entered into between (1) Corporate Winner Limited (洲永有限公司) and Enrich Sources Limited (彩沃有限公司) as vendors; (2) China Resources Purchasing Godown Company Limited (華潤採購倉儲有限公司) as purchaser; and (3) Cui Fa Limited, for the sale and purchase of the properties located at (1) Units Nos.1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; and (2) Units Nos.1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the “**Agreement**”) and the transaction contemplated thereunder (including the Leaseback Arrangement (as defined in the Agreement)) be and are hereby ratified, confirmed and approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) any one or more directors of the Company (the “**Directors**”) be and is hereby authorised to do all such acts and things which the Director(s) may consider necessary, including the execution of the subsequent assignment and any other necessary documents, desirable or expedient to implement the transaction contemplated under the Agreement including the Leaseback Arrangement (with any amendments to the terms of such agreement, which are not inconsistent with the purpose thereof as may be approved by the Directors).”

By order of the Board
Tsui Wah Holdings Limited
LEE Yuen Hong
Chairman and Executive Director

Hong Kong, 27 May 2022

Notes:

- (1) The EGM will be held at the venue of the EGM with the minimum number of persons present as is legally required to form a quorate meeting. The quorum will be formed by the Directors or other staff members of the Company, who are shareholders of the Company (the “**Shareholders**”) or proxies.
- (2) No other Shareholders or proxies shall attend the EGM in person. Any other person who attempts to attend the EGM in person will not be permitted entry to the venue of the EGM.
- (3) Subject to prior registration and completion of identity verification, Shareholders may view and participate in the EGM through a live webcast (the “**Webcast**”) which can be accessed by using a smart phone, computer, tablet device or any device installed with the relevant application. Shareholders will be able to access the Webcast using the same link at the start of the EGM until its conclusion. Please follow the instructions on the landing page on how to access the Webcast.
- (4) Any Shareholder who/which wishes to participate in the EGM by the Webcast must send his/her/its corporate representative’s full name, contact phone number and registered address by email to info@tsuiwah.com not later than 72 hours before the appointed time and date of the EGM.
- (5) Shareholders having completed registration and identity verification will be provided with the web link and/or password to access the Webcast 30 minutes before the start of the EGM until conclusion.
- (6) Shareholders having completed registration and identity verification can submit questions: (i) to the Board in advance at or before 9:00 a.m. on Thursday, 23 June 2022 by email to info@tsuiwah.com; or (ii) during the EGM through the live webcast dialogue function.
- (7) No remote voting system will be provided at the Webcast. If a Shareholder (whether individual or corporate) wishes to exercise rights as a Shareholder at the EGM, he/she/it must appoint the chairman of the EGM as the proxy to attend and vote on his/her/its behalf at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (8) In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or the adjournment thereof (as the case may be).
- (9) To ascertain the Member's entitlement to attend and vote at the EGM, the register of members will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, non-registered Shareholders must lodge all duly completed and stamped transfers of Shares accompanied by the relevant share certificates with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 June 2022.
- (10) (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a rainstorm warning signal is expected to be in force at any time during three hours before the time fixed for the holding of the EGM, the EGM will be postponed and the Members will be informed of the date, time and venue of the postponed EGM by an announcement posted on the respective websites of the Company and the Stock Exchange.
- (b) If a tropical cyclone warning signal No. 8 or above or a rainstorm warning signal is lowered or cancelled at or before three hours before the time fixed for holding the EGM and where conditions permit, the EGM will be held as scheduled.
- (c) The EGM will be held as scheduled when an amber or a thunderstorm warning signal or typhoon signal No. 3 or below is in force.

SPECIAL ARRANGEMENTS FOR THE EGM

In view of the ongoing novel coronavirus disease 2019 (COVID-19) pandemic, to safeguard the health and safety of the Shareholders, the EGM will be held at the venue of the EGM with the minimum number of persons present as is legally required to form a quorate meeting. The quorum will be formed by the Directors or other staff members of the Company, who are Shareholders or proxies. As such, **no other Shareholders shall attend the EGM in person**. For details of the special arrangements, please refer to the section headed "EGM" in the Letter from the Board of the circular of the Company dated 27 May 2022.