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## **TAO HEUNG HOLDINGS LIMITED**

**稻香控股有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 573)**

### **CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the Company's announcement of 5th June 2024 (the "Announcement") in relation to its entering into the 2024 Master Tenancy Agreement with Dongguan Tian Yao Property Management Limited ("Dongguan Tian Yao"), as landlord. Capitalized terms used herein have the same meaning ascribed to them in the Announcement. The Company hereby provides the following further information regarding the Announcement:

1. The Company hereby clarifies that the 2024 Master Tenancy Agreement constitutes both of **Connected Transaction** and **Continuing Connected Transaction** of the Company instead of Connected Transaction only. Under the 2024 Master Tenancy Agreement, (a) the payment of the Basic Rent (fixed lease payment) constitutes one-off Connected Transactions of the Company; and (b) the payment of amount of the Turnover Rent that exceeds the Basic Rent (variable lease payment) constitutes a Continuing Connected Transaction of the Company.

In accordance with the HKFRS 16 applicable to the Company, the accounting implications and treatment for the lease payment under the 2024 Master Tenancy Agreement are illustrated as follows:

- (a) Under the 2024 Master Tenancy Agreement, the estimated value of the right-of-use asset should be approximately HK\$8,947,000 (instead of HK\$27,553,000) by reference to the aggregate discounted amount of the Basic Rent, which will be recognized in the statement of financial position and constitutes as a **Connected Transaction** of the Company.

Given that the relevant applicable percentage ratios in respect of the **Connected Transaction** contemplated under the 2024 Master Tenancy Agreement are more than 0.1% but less than 5%, such transaction is subject to the reporting, and announcement requirements but exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

- (b) Under the 2024 Master Tenancy Agreement, the highest annual cap amount of the aggregate of projected variable lease payment will be approximately HK\$9,900,000. The aggregate of variable lease payment will be recognized as expenses in the Company's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as a **Continuing Connected Transaction** for the Company under Chapter 14A.31 of the Listing Rules.

Given that the relevant applicable percentage ratios in respect of **Continuing Connected Transaction** contemplated under the 2024 Master Tenancy Agreement are more than 0.1% but less than 5%, such transaction is subject to the reporting, announcement requirements and (to the extent constituting Continuing Connected transaction for the Company) annual review requirements, but exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. The historical variable lease payment under the 2022 Master Tenancy Agreement, excluding management fee, government rates and land tax, for each of the relevant periods or financial years of the Company are amended as follows:

<b>The relevant periods/financial years</b>	<b>Variable lease payment</b>
For the period from 6 June 2022 to 31 December 2022	Approximately HK\$3,979,000
For the financial year ending 31 December 2023	Approximately HK\$6,882,000
For the period from 1 January 2024 to 5 June 2024	Approximately HK\$2,770,000

3. The relevant cap amounts of projected variable lease payment under the 2024 Master Tenancy Agreement in respect of the relevant periods or financial years are stated below:

<b>The relevant periods/financial years</b>	<b>Annual cap amount</b>
For the period from 6 June 2024 to 31 December 2024	Approximately HK\$5,400,000
For the financial year ending 31 December 2025	Approximately HK\$9,900,000
For the period from 1 January 2026 to 5 June 2026	Approximately HK\$4,400,000

The relevant cap amounts of projected variable lease payment are based on the sales forecast with reference to the Company's past two years sales performance and expected growth rate.

By Order of the Board  
**Cheung Kin Man**  
*Company Secretary*

Hong Kong, 21 June 2024

*As at the date of this announcement, the Board comprises Mr. CHUNG Wai Ping, Mr. WONG Ka Wing, Mr. HO Yuen Wah and Mr. CHUNG Chun Fung as executive directors; Mr. FONG Siu Kwong and Mr. CHAN Yue Kwong, Michael as non-executive directors; and Professor CHAN Chi Fai, Andrew, Mr. MAK Hing Keung, Thomas, Mr. NG Yat Cheung and Ms. WONG Fun Ching as independent non-executive directors.*

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*\* For identification purposes only*