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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
ADDITIONAL TENANCY AGREEMENT AND REVISION OF ANNUAL CAPS

Reference is made to the Announcement in relation to the continuing connected transactions entered into between the Group (as the tenant) and Meco Group and Dongguan Well Excellent (both as the landlords) pursuant to the Existing Tenancy Agreements. To cater operation needs, the Group has on 6 January 2017 entered into an Additional Tenancy Agreement with Meco Group in addition to the Existing Tenancy Agreements for restaurant operation.

Meco Group is 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 Group. As such, Meco Group is a connected person of the Company under the Listing Rules, and the Additional Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Since the Existing Tenancy Agreements and the Additional Tenancy Agreement were similar in nature and entered into by the Group with similar counter parties, pursuant to Rule 14A.25 of the Listing Rules, the Additional Tenancy Agreement and the Existing Tenancy Agreements would have to be aggregated for the purpose of considering the Company's compliance obligations. The original annual caps of the continuing connected transactions under the Existing Tenancy Agreements for the two years ending 31 December 2018 would not be sufficient and need to be revised.

As the applicable percentage ratios in respect of the revised annual caps under the Additional Tenancy Agreement and the Existing Tenancy Agreements, on an aggregated basis, exceed 0.1% but are less than 5%, the entering into of the Additional Tenancy Agreement and also the revised annual caps 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 Announcement in relation to the continuing connected transactions entered into between the Group (as the tenant) and Meco Group and Dongguan Well Excellent (both as the landlords) pursuant to the Existing Tenancy Agreements wherein a total of five tenancies were disclosed. To cater operation needs, the Group (as the tenant) has on 6 January 2017 entered into an Additional Tenancy Agreement with Meco Group (as the landlord).

THE ADDITIONAL TENANCY AGREEMENT

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

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
Unit 4001 on Level 4, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 1,157.18 sq. m. (ii) Restaurant	(i) 6 January 2017 (ii) 1 January 2017 to 31 December 2018 (both dates inclusive)	RMB104,921.00	Monthly rent of RMB104,921.00 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.

Historical Transaction Amounts and Revised Annual Caps

The actual rental paid by the Group under the Existing Tenancy Agreements for the year ended 31 December 2016 was RMB4,396,000. Since the Additional Tenancy Agreement is a new transaction, no historical transaction figure is available for the Additional Tenancy Agreement for the year ended 31 December 2016.

Due to the entering into of the Additional Tenancy Agreement, the original annual caps for the rentals payable by the Group under the Existing Tenancy Agreements for the two years ending 31 December 2018 will not be sufficient and need to be revised.

According to the terms of and based on the Tenancy Agreements, the Company estimates that the revised annual caps of the continuing connected transactions under the Tenancy Agreements for the remaining two years ending 31 December 2018 are as follows:-

	For the year ending 31 December		
	2016	2017	2018
	(RMB)	(RMB)	(RMB)
Original annual caps	4,500,000	4,500,000	4,500,000
Revised annual caps	-	5,800,000	5,800,000

The revised annual caps have been determined with reference to the monthly rentals payable by the Group under the Tenancy Agreements. The terms of the Tenancy Agreements, including the rentals payable by the Group, are arrived at after arm's length negotiations between the parties involved with reference to the prevailing market rent of comparable properties of similar areas. The Group intends to use its internal resources to fund the rentals payable under the Tenancy Agreements.

REASONS FOR THE ADDITIONAL TENANCY AGREEMENT

As additional area is required for the Group for use as further restaurant space to cater for its business needs, and given the additional space could capture more business opportunities and could create synergy with restaurant operation in the same building under the Existing Tenancy Agreements, the Directors consider that it is in the interest of the Group to enter into the Additional Tenancy Agreement.

Based on the understanding of other similar premises at comparable locations in the open market, the Directors (including the independent non-executive Directors) consider that the Additional Tenancy Agreement has been entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Additional Tenancy Agreement (including the rentals payable) and the revised annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Meco Group is 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 Group, Meco Group is a connected person of the Company under the Listing Rules, and the Additional Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. To avoid any possible conflict of interests, each of Mr. Chan, Mr. Yip and Mr. Ku abstained from voting at the board meeting approving the Additional Tenancy Agreement.

Since the Existing Tenancy Agreements and the Additional Tenancy Agreement were similar in nature and entered into by the Group with the similar counter parties, pursuant to Rule 14A.25 of the Listing Rules, the Additional Tenancy Agreement and the Existing Tenancy Agreements would have to be aggregated for the purpose of considering the Company's compliance obligations. The original annual caps of the continuing connected transactions under the Existing Tenancy Agreements for the two years ending 31 December 2018 would not be sufficient and need to be revised.

As the applicable percentage ratios in respect of the revised annual caps under the Additional Tenancy Agreement and Existing Tenancy Agreements, on an aggregated basis, exceed 0.1% but are less than 5%, the entering into of the Additional Tenancy Agreement and also the revised annual caps 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 restaurants under the Group's own brand names serve a variety of Chinese and Southeast Asian cuisine and fast food restaurants under the franchise name.

The Meco Group is 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:

“Additional Tenancy Agreement”	the tenancy agreement dated 6 January 2017 entered into between Meco Group (as the landlord) and the Group (as the tenant) in relation to the leasing of a premises for the operation of restaurant for the period from 1 January 2017 to 31 December 2018. Details of which are set out under the section headed “The Additional Tenancy Agreement” in this announcement
“Announcement”	the announcement of the Company dated 11 January 2016
“Board”	the board of directors of the Company
“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
“Existing Tenancy Agreements”	five tenancy agreements dated 11 January 2016 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. Details of these agreements were announced on 11 January 2016
“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, the Vice Chairman 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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the Existing Tenancy Agreements and the Additional Tenancy Agreement

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

Hong Kong, 6 January 2017

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*