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唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1181)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF TENANCY AGREEMENTS

Reference is made to the Announcement in relation to the 2023 Renewed Tenancy Agreements entered into between the Group (as the tenant) and Meco Group and Dongguan Well Excellent (both as the landlords). As the 2023 Renewed Tenancy Agreements will expire on 31 December 2023, the Group has on 22 December 2023 entered into the 2024 Renewed Tenancy Agreements with Meco Group and Dongguan Well Excellent to renew the three tenancies under the 2023 Renewed Tenancy Agreements.

As at the date of this announcement, Meco Group and Dongguan Well Excellent are owned as to 50% by Mr. CHAN, 35% by Mr. YIP and 15% by Mr. KU, respectively, who are controlling shareholders and executive Directors of the Group. As such, each of Meco Group and Dongguan Well Excellent is a connected person of the Company under the Listing Rules, and the 2024 Renewed Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) relating to the annual cap for the 2024 Renewed Tenancy Agreements exceed 0.1% but are less than 5%, the transactions contemplated under the 2024 Renewed Tenancy Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under 14A.76(2) of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the 2023 Renewed Tenancy Agreements entered into between the Group (as the tenant) and Meco Group and Dongguan Well Excellent (both as the landlords) wherein a total of four tenancies were disclosed. As the 2023 Renewed Tenancy Agreements will expire on 31 December 2023, the Group (as the tenant) has on 22 December 2023 entered into the

2024 Renewed Tenancy Agreements with Mecco Group and Dongguan Well Excellent (both as the landlords) to renew the three tenancies under the 2023 Renewed Tenancy Agreements.

FURTHER DETAILS OF THE 2024 RENEWED TENANCY AGREEMENTS

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

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
(1) Units 2101, 2102, 2103, 2105, 2106, 2107 and 2108, Block H, Expo Square, Dongcheng District, Dongguan city, Guangdong Province, the PRC	(i) 3,461.80 sq. m. (ii) Restaurant	(i) 22 December 2023 (ii) 1 January 2024 to 31 December 2024	RMB110,000	Monthly rent of RMB110,000 is payable by our Group to Mecco Group each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.
(2) Unit 1 on Level 6, Shenzhen Cinema, Zhonghai Commercial, 1 Xinyuan Road, Luohu District, Shenzhen, the PRC	(i) 1,444.80 sq. m. (ii) Restaurant	(i) 22 December 2023 (ii) 1 January 2024 to 31 December 2024	RMB109,000	Monthly rent of RMB109,000 is payable by our Group to Mecco Group each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.

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

Address	(i) Approximate gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Monthly rental	Terms
(3) Units 3106, 3107, 3108, 4106, 4107 and 4108, Block H, Expo Square, Dongcheng District, Dongguan City, Guangdong Province, the PRC	(i) 2,908.26 sq. m. (ii) Restaurant	(i) 22 December 2023 (ii) 1 January 2024 to 31 December 2024	RMB91,000	Monthly rent of RMB91,000 is payable by our Group to Dongguan Well Excellent each month. Such rent is inclusive of rental tax and exclusive of water, electricity, telephone, television, heat, gas, property management, cleaning, internet, car park and indoor facilities maintenance fees.

Note: The 2023 Renewed Tenancy Agreements in respect of the premises under items (1) to (3) in the table above were entered into on 21 November 2022 for the term from 1 January 2023 to 31 December 2023.

Historical Transaction Amounts and Basis of Determination of the Rentals and Annual Cap

Based on the information currently available to the Company, the total rental paid and/or payable by the Group under the 2023 Renewed Tenancy Agreements for the eleven months ended 30 November 2023 was approximately RMB3,301,000, whereas the total rental paid and/or payable based on the monthly rental under the 2023 Renewed Tenancy Agreements for the year ending 31 December 2023 will be approximately RMB3,611,000. The actual rental paid and/or payable by the Group is much lower than the previous annual cap disclosed in the Announcement due to the rental concession granted by Meco Group for certain months during the year 2023.

The annual cap for the rental payable by the Group under the 2024 Renewed Tenancy Agreements shall be no more than RMB4,000,000 for the year ending 31 December 2024. The annual cap has been determined with reference to the rentals payable by the Group under the 2024 Renewed Tenancy Agreements.

The terms of the 2024 Renewed Tenancy Agreements, including the rentals payable by the Group, are arrived at after arm's length negotiations between the parties involved with reference to rentals paid by the Group under the 2023 Renewed Tenancy Agreements and the prevailing market rent of comparable properties of similar area and the valuation report on the fairness of the rentals issued by Valplus Consulting Limited, an independent property valuer. The Group intends to use its internal resources to fund the rentals payable under the 2024 Renewed Tenancy Agreements.

Accounting Treatment with respect to the 2024 Renewed Tenancy Agreements

According to applicable accounting standards, generally, the Group as the lessee shall recognize a lease as a right-of-use asset in the consolidated statement of financial position of the Group according to HKFRS 16. Since the term of each of the 2024 Renewed Tenancy Agreements is no more than 12 months, the Group may elect not to recognize assets and liabilities for the leases contemplated under the 2024 Renewed Tenancy Agreements in its consolidated statement of financial position according to HKFRS 16. Accordingly, the rental payable by the Group pursuant to the 2024 Renewed Tenancy Agreements will be recognized as expenses in the Group's consolidated statement of profit or loss in the period in which they are incurred, and the payment of such rental will be regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE 2024 RENEWED TENANCY AGREEMENTS

As the 2023 Renewed Tenancy Agreements relate to the existing premises at which part of the Group's business has been carrying out for a long period of time and the Group has already established certain customers base and business reputation in the surrounding neighbourhood, the relocation of such business would be costly and may have an impact on daily business operation of the Group. The continuation of such leases is cost efficient and is beneficial to our operations. Furthermore, based on the valuation report performed by Valplus Consulting Limited that research on other similar premises at comparable locations in the open market, the Directors, after taking into account the prevailing market rent, consider it would be more reasonable and it is in the interest of the Group to enter into the 2024 Renewed Tenancy Agreements.

The Directors (including the independent non-executive Directors) consider that the 2024 Renewed Tenancy Agreements have been entered into on normal commercial terms (or better than normal commercial terms) and in the ordinary and usual course of business of the Group, and the terms of the

2024 Renewed Tenancy Agreements (including the rental payable) and annual cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as Meco Group and Dongguan Well Excellent are owned as to 50% by Mr. CHAN, 35% by Mr. YIP and 15% by Mr. KU, respectively, who are controlling shareholders and executive Directors of the Group, each of Meco Group and Dongguan Well Excellent is a connected person of the Company under the Listing Rules, and the 2024 Renewed Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Each of Mr. CHAN, Mr. YIP and Mr. KU is deemed to have a material interest in the 2024 Renewed Tenancy Agreements and has abstained from voting at the board meeting approving the 2024 Renewed Tenancy Agreements.

As all the applicable percentage ratios (as defined under the Listing Rules) relating to the annual cap for the 2024 Renewed Tenancy Agreements exceed 0.1% but are less than 5%, the transactions contemplated under the 2024 Renewed Tenancy Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under 14A.76(2) of the Listing Rules.

INFORMATION OF THE PARTIES TO THE 2024 RENEWED TENANCY AGREEMENTS

The Group

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

Meco Group and Dongguan Well Excellent

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

DEFINITIONS

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

“2023 Renewed Tenancy Agreements”	4 tenancy agreements dated 21 November 2022 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 for the period from 1 January 2023 to 31 December 2023. Details of these agreements are set out under the section headed “Further Details of the 2023 Renewed Tenancy Agreements” in the Announcement
“2024 Renewed Tenancy Agreements”	3 tenancy agreements dated 22 December 2023 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 for the period from 1 January 2024 to 31 December 2024. Details of these agreements are set out under the section headed “Further Details of the 2024 Renewed Tenancy Agreements” in this announcement
“Announcement”	the announcement of the Company dated 21 November 2022
“Board”	the board of Directors of Tang Palace (China) Holdings Limited
“Company”	Tang Palace (China) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to that term in the Listing Rules
“controlling shareholder(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 with limited liability and owned as to 50% by Mr. CHAN, 35% by Mr. YIP and 15% by Mr. KU, respectively, as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants

“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, respectively, as at the date of this announcement
“Mr. CHAN”	Mr. CHAN Man Wai, a controlling shareholder and an executive Director of the Company
“Mr. KU”	Mr. KU Hok Chiu, a controlling shareholder and an executive Director of the Company
“Mr. YIP”	Mr. YIP Shu Ming, a controlling shareholder 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\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Tang Palace (China) Holdings Limited
Wong Chung Yeung
Executive Director and Company Secretary

Hong Kong, 22 December 2023

As at the date of this announcement, the Board comprises the following Directors:

Executive directors: Ms. WENG Peihe, Mr. YIP Shu Ming, Mr. CHAN Man Wai, Mr. KU Hok Chiu, Mr. CHEN Zhi Xiong, Mr. WONG Chung Yeung

Independent non-executive directors: Mr. KWONG Chi Keung, Mr. KWONG Ping Man, Mr. CHAN Kin Shun