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## **TASTY CONCEPTS HOLDING LIMITED**

**賞之味控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8096)**

### **MAJOR TRANSACTION IN RELATION TO THE TENANCY AGREEMENT AND BREACH OF GEM LISTING RULES**

#### **THE TENANCY AGREEMENT**

The Board wishes to announce that on 22 July 2022, Fortune City, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord, pursuant to which Fortune City agreed to rent and the Landlord agreed to lease the Premises for a term of six years commencing from 16 August 2022 and ending on 15 August 2028 (both dates inclusive).

#### **GEM LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company with a cost of approximately HK\$6.6 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments, and thus the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group in accordance with the GEM Listing Rules.

Based on the review of the Board, as one or more than one of the applicable percentage ratios in respect of the transaction contemplated under the Tenancy Agreement is above 25% but all of them are less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **THE EGM AND DESPATCH OF CIRCULAR**

The Company will convene the EGM, at which resolution(s) will be proposed for, among other things, the Shareholders to consider and, if thought fit, approve the Tenancy Agreement and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Tenancy Agreement.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Tenancy Agreement.

A circular of the Company containing, among others, (i) further details of the Tenancy Agreement; (ii) other information required to be disclosed under the GEM Listing Rules; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 14 September 2022, in accordance with the GEM Listing Rules.

## **REASONS FOR THE BREACH OF GEM LISTING RULES**

The Directors noted that due to the inadvertent oversight by certain management and staff of the Group involved in the negotiation of the Tenancy Agreement and the Tenancy Agreement is a major transaction of the Company, the Company has breached the GEM Listing Rules requirements for notification and announcement, circular and shareholders' approval requirements as set out in Chapter 19 of the GEM Listing Rules.

The Directors reiterated that they have no intention for such non-compliance and the non-compliance was solely due to the reasons as stated above, and would also like to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the GEM Listing Rules as a top priority. The Group has been maintaining regular communications with, and seeking advice from, its professional advisers since the listing on different aspects of GEM Listing Rules compliance, but has unfortunately and regrettably not done so on this single occasion on a timely basis.

## **BACKGROUND**

The Board wishes to announce that on 22 July 2022, Fortune City, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord, pursuant to which Fortune City agreed to rent and the Landlord agreed to lease the Premises for a term of six years commencing from 16 August 2022 and ending on 15 August 2028 (both dates inclusive).

## THE TENANCY AGREEMENT

Details of the principal terms of the Tenancy Agreement are set out below:

Date	:	22 July 2022
Parties	:	(1) Fortune City, as the tenant; and (2) The Landlord, as the landlord
Premises	:	Shop Nos. R137, R138 and R139 on the Ground Floor (also known as Level 1), Tip Sum House (Block 4), Butterfly Estate, No.1 Wu Chui Road, Tuen Mun, New Territories, Hong Kong
Total gross floor area	:	Approximately 166 square metres
Term	:	Six years commencing from 16 August 2022 and ending on 15 August 2028 (both dates inclusive)
Rent payable	:	The total base rent payable under the Tenancy Agreement is approximately HK\$7,776,000, which is subject to additional turnover rent being an amount representing the amount by which 10% of the amount or consideration derived or attributable from all trades and business carried on in or from the Premises exceeding the base rent per calendar month (exclusive of government rates, service charge and other outgoings).

The monthly base rent is as follows:

- (a) From 16 August 2022 to 15 August 2023: HK\$90,000 per month
- (b) From 16 August 2023 to 15 August 2024: HK\$100,000 per month
- (c) From 16 August 2024 to 15 August 2025: HK\$110,000 per month
- (d) From 16 August 2025 to 15 August 2028: HK\$121,000 per month

The rent payable under the Tenancy Agreement was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market rental values for comparable premises in the vicinity of the Premises.

Payment terms	:	The monthly base rent shall be payable monthly in advance on the first day of each calendar month (without any deduction, counterclaim or set-off). The turnover rent (if payable pursuant to the terms and conditions of the Tenancy Agreement) shall be payable monthly in arrears
Rent free period	:	60 days from the commencement of the term
Deposit	:	HK\$402,375, being equivalent to three months' base rent and service charge
Permitted use	:	Operating of a Japanese style cuisine restaurant and operating of a Sichuan cuisine restaurant

### **RIGHTS-OF-USE ASSET**

Pursuant to HKFRS 16, as a result of the entering into of the Tenancy Agreement, the Premises leased under the Tenancy Agreement will be recognised by the Company as right-of-use asset for an amount of approximately HK\$6.6 million, which is calculated with reference to the present value of the aggregate lease payments to be made under the Tenancy Agreement.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT**

The principal activities of the Group are operating ramen restaurants in Hong Kong. The Group intended to carry on the business of a Japanese style cuisine restaurant and a Sichuan cuisine restaurant in the Premises, which aligns with the strategy of the Company to set up new outlets to capture the potential business opportunities and local customer traffic.

The Board considers that the transaction contemplated under the Tenancy Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION OF THE LANDLORD**

The Landlord is a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of Link Real Estate Investment Trust (stock code: 823).

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Landlord (including its ultimate beneficial owners) is an Independent Third Party.

## **GEM LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company with a cost of approximately HK\$6.6 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments, and thus the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group in accordance with the GEM Listing Rules.

Based on the review of the Board, as one or more than one of the applicable percentage ratios in respect of the transaction contemplated under the Tenancy Agreement is above 25% but all of them are less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **THE EGM AND DESPATCH OF CIRCULAR**

The Company will convene the EGM, at which resolution(s) will be proposed for, among other things, the Shareholders to consider and, if thought fit, approve the Tenancy Agreement and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Tenancy Agreement.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Tenancy Agreement.

A circular of the Company containing, among others, (i) further details of the Tenancy Agreement; (ii) other information required to be disclosed under the GEM Listing Rules; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 14 September 2022, in accordance with the GEM Listing Rules.

## **REASONS FOR THE BREACH OF GEM LISTING RULES**

The Directors noted that due to the inadvertent oversight by certain management and staff of the Group involved in the negotiation of the Tenancy Agreement and the Tenancy Agreement is a major transaction of the Company, the Company has breached the GEM Listing Rules requirements for notification and announcement, circular and shareholders' approval requirements as set out in Chapter 19 of the GEM Listing Rules.

The Directors reiterated that they have no intention for such non-compliance and the non-compliance was solely due to the reasons as stated above, and would also like to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the GEM Listing Rules as a top priority. The Group has been maintaining regular communications with, and seeking advice from, its professional advisers since the listing on different aspects of GEM Listing Rules compliance, but has unfortunately and regrettably not done so on this single occasion on a timely basis.

## REMEDIAL MEASURES

The Company deeply regrets its non-compliance with Chapter 19 of the GEM Listing Rules and would like to stress that such non-compliance was a single incident and purely inadvertent and the Company had no intention to withhold any information relating to the Tenancy Agreement from disclosure.

The Directors (including the independent non-executive Directors) considered that the Tenancy Agreement is made on normal commercial terms, and terms of the Tenancy Agreement are fair and reasonable and in the interests of the Shareholders of the Company as a whole. To adhere prudent corporate governance practice, the Directors have confirmed, approved and ratified the Tenancy Agreement and the publication of this announcement.

In order to prevent the reoccurrence of the current instance of non-compliance, the Company intends to adopt the following measures:

- (i) The Company will enhance the training provided to the Directors and the senior management to reinforce their understanding of and to emphasize the importance of compliance with the GEM Listing Rules.
- (ii) The Company will strengthen the implementation of its internal control system on transactions including but not limited to strengthening the coordination and reporting arrangements for notifiable transactions among the various departments of the Company. Before entering into each agreement, the chief executive officer together with a dedicated staff member will review the relevant agreement to ensure compliance with the GEM Listing Rules.
- (iii) The Company will maintain closer cooperation with its professional advisers in relation to regulatory compliance.
- (iv) In the event that the Company will conduct similar transactions, it will seek advice from its external legal advisers on whether this will trigger any disclosure or compliance requirements under the GEM Listing Rules. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction.

The Company has adopted the above measures and the Company takes this opportunity to emphasize that the Group shall continue to enhance its internal control management on purchasing or disposing any assets regardless of its nature (whether properties or shareholding in any companies). Going forward, the Group will make appropriate disclosure in a timely manner to ensure compliance with the GEM Listing Rules. The Company's internal controls are effective after the implementation of the proposed remedial measures.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	:	the board of Directors (including independent non-executive Directors)
“Company”	:	Tasty Concepts Holding Limited (賞之味控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange (stock code: 8096)
“connected person(s)”	:	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	:	the director(s) of the Company
“EGM”	:	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Tenancy Agreement and the transaction contemplated thereunder
“Fortune City”	:	Fortune City Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“GEM”	:	GEM operated by the Stock Exchange
“GEM Listing Rules”	:	the Rules Governing the Listing of Securities on GEM as amended by the Stock Exchange from time to time
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	:	Hong Kong Financial Reporting Standards 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 Third Party(ies)”	:	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected persons in accordance with the GEM Listing Rules



“Landlord”	:	Link Properties Limited, a company incorporated in the Cayman Islands with limited liability, an indirect wholly-owned subsidiary of Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), whose units of which are listed on the Main Board of the Stock Exchange (stock code: 823)
“Premises”	:	Shop Nos. R137, R138 and R139 on the Ground Floor (also known as Level 1), Tip Sum House (Block 4), Butterfly Estate, No.1 Wu Chui Road, Tuen Mun, New Territories, Hong Kong
“Share(s)”	:	The ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	:	holder(s) of the issued Share(s)
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	:	the tenancy agreement dated 22 July 2022 entered into between the Landlord and Fortune City in relation to the Premises

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Tasty Concepts Holding Limited**  
**Tang Chun Ho Chandler**  
*Chairman and Executive Director*

Hong Kong, 23 August 2022

*As at the date of this announcement, the Board comprises Mr. Tang Chun Ho Chandler and Ms. Sung Kwan Wun as executive Directors; Mr. Ho Lai Chuen, Mr. Lee Koon Tak and Mr. Lai Man Hin as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at [www.butaoramen.com](http://www.butaoramen.com).*