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Royal Catering Group Holdings Company Limited

皇璽餐飲集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8300)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

The Board is pleased to announce that on 24 February 2017 (after the trading hours), the Company as the prospective purchaser and the Vendors entered into the MOU in relation to the Possible Acquisition.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners is an Independent Third Party.

The Board wishes to emphasise no definitive agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE MOU

The Board is pleased to announce that on 24 February 2017 (after trading hours), the Company as the prospective purchaser and the Vendors entered into the MOU in relation to the Possible Acquisition. Principal terms of the MOU are set out as follows:

Date

24 February 2017

Parties

- (i) the Company, as prospective purchaser
- (ii) Bofosun (SC) Company Limited*, as Vendor A
- (iii) Mr. Wang Lu*, as Vendor B

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners is an Independent Third Party.

The Possible Acquisition

Pursuant to the MOU, the Company intends to acquire the entire equity interest of the Target Company.

The Target Company is a company incorporated in the PRC with limited liability, the entire equity interest of which is owned as to 90% and 10% by Vendor A and Vendor B, respectively. The Target Company is principally engaged in the retailing of food produce and daily necessity products in the PRC.

The Company reserves the right to terminate the Possible Acquisition under the MOU before entering into a formal agreement, or any legally binding documents with the Vendors.

Due Diligence

The Company shall be entitled to arrange its advisers or consultants to carry out due diligence review of the assets, liabilities, business, financial, legal and other affairs of the Target Company (the “**Due Diligence**”) and the Vendors shall provide such assistance to the Company, its advisers or consultants may require in connection with the Due Diligence.

Exclusivity Period

During a period of 3 months from the date of the MOU (the “**Exclusivity Period**”) (subject to further extension by the parties may agree in writing), the Vendors shall not directly or indirectly negotiate with any other party relating to the Possible Acquisition or do anything which is inconsistent with the Possible Acquisition and the terms and conditions of the Possible Acquisition are subject to further negotiation and execution of a formal agreement.

Conditions precedent

The Potential Acquisition is conditional upon certain conditions precedent, including but not limited to:

- (i) the Target Company having obtained the necessary approvals or consents (including those from the relevant governmental or regulatory authorities) in relation to the Possible Acquisition;
- (ii) the Company being satisfied with the results of the Due Diligence;
- (iii) the Company being satisfied with the results of the legal opinions from counsels of relevant jurisdictions on, among other things, the legality of corporate structure and business of the Target Company; and
- (iv) no material adverse change to the business of the Target Company since the date of the MOU.

Non-legally binding effect

The MOU (save for the provisions on confidentiality, exclusivity, expenses, termination and governing law) is not legally binding in nature. **As such, the Possible Acquisition may or may not proceed.**

Termination

The MOU will be automatically terminated upon the expiry of the Exclusivity Period or entering into of the formal agreement, or by agreement of the parties in writing, whichever is earlier and no party shall have any obligation with respect to the other party under the MOU.

REASON FOR THE POSSIBLE ACQUISITION

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of casual dining food catering services in Hong Kong.

The Directors consider that the entering into the MOU and the Possible Acquisition, if materialises, could enable the Group to be benefited from diversifying the Group's existing business which is expected to increase the Shareholders' value. Therefore, the Directors are of the view that the entering into the MOU and proceeding with the Possible Acquisition are in the best interests of the Company and the Shareholders as a whole.

GENERAL

The Possible Acquisition as contemplated under the MOU, if materialised, may constitute a notifiable transaction of the Company under the GEM Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the GEM Listing Rules in this regard.

The Board wishes to emphasise no definitive agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Royal Catering Group Holdings Company Limited (皇璽餐飲集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules)
“MOU”	a memorandum of understanding dated 24 February 2017 entered into between the Company and the Vendors in relation to the Possible Acquisition
“Possible Acquisition”	the Possible Acquisition by the Company as prospective purchaser of the entire equity interest of the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 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

“Target Company”	DIDIDA Neighborhood Services Company Limited* (嘀嗒達居民服務股份有限公司), a company incorporated in the PRC with limited liability
“Vendor A”	Bofosun (SC) Company Limited* (四川寶豐祥股份有限公司), a company incorporated in the PRC with limited liability, which owns as to 90% of the Target Company
“Vendor B”	Wang Lu* (王路), a citizen of the PRC, who owns as to 10% of the Target Company
“Vendors”	collectively Vendor A and Vendor B
“%”	per cent.

By order of the Board
Royal Catering Group Holdings Company Limited
Wong Man Wai
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 24 February 2017

As at the date of this announcement, the executive Directors are Mr. Wong Man Wai, Mr. Chan Chak To Raymond and Ms. Lam Wai Kwan; and the independent non-executive Directors are Mr. Ma Yiu Ho Peter, Mr. Cheng Wing Hong and Mr. Cai Chun Fai.

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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.hkrcg.com.

* For identification purpose only