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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 FORMATION OF A JOINT VENTURE

The Board is pleased to announce that on 27 September 2017 (after trading hours), the Company and Wealthy Express entered into the MOU in respect of the formation of a joint venture. The Company and Wealthy Express will jointly form the Joint Venture for the purpose of carrying out catering business under the Brand in the Territory, i.e., Guangdong Province of the Peoples' Republic of China. Wealthy Express will grant an exclusive licence to the Joint Venture for using the Brand within the Territory for a term of three years (or such other term as the parties may agree) and for 5 — 10 shops.

As at the date of this announcement, no Definitive Agreements have been entered into by the Company and Wealthy Express, in particular, the amount of capital contribution to the Joint Venture has not been determined. The Company will comply with the relevant requirements of the GEM Listing Rules with respect to the Possible Transactions as and when required by the GEM Listing Rules.

The Definitive Agreements may or may not be entered into, and even the Definitive Agreements are entered into, the Possible Transactions are conditional upon the fulfillment of certain conditions as set out in paragraph “Conditions precedent” below. The Possible Transactions therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE MOU

The Board is pleased to announce that on 27 September 2017 (after trading hours), the Company and Wealthy Express entered into the MOU in respect of the formation of a joint venture.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wealthy Express and its ultimate beneficial owners are Independent Third Parties.

The Joint Venture

The Company and Wealthy Express will jointly form the Joint Venture for the purpose of carrying out catering business under the Brand in the Territory, i.e., Guangdong Province of the Peoples' Republic of China.

Each of the Company and Wealthy Express will contribute 50% capital of the Joint Venture by means of equity and/or shareholders loan and in such amount to be agreed by the parties.

Licence

Wealthy Express will grant an exclusive licence to the Joint Venture for using the Brand within the Territory for a term of three years (or such other term as the parties may agree) and for 5 — 10 shops.

Consideration and royalty

1. The Company will grant options to subscribe for shares in the Company to Wealthy Express, with number of shares, subscription fee and exercise price to be agreed by the parties in the Definitive Agreements.
2. 5% of the revenue of each shop operated by the Joint Venture shall be paid to Wealthy Express each month.
3. A one-off franchise fee of HK\$380,000 shall be paid to Wealthy Express at the opening of each shop.

Definitive Agreements

The parties' obligation to close the Possible Transactions is subject to the negotiation and execution of the Definitive Agreements, which shall be in a form that is acceptable to the Company and Wealthy Express and shall contain customary terms and conditions for similar transactions.

Due diligence

During the Exclusivity Period, the Company shall be entitled to conduct due diligence review, for the purpose of assisting the discussion and negotiation of the terms in respect of the Definitive Agreements.

Conditions precedent

The Company's and Wealthy Express's obligation to consummate the transactions contemplated by the Definitive Agreements shall be subject to satisfaction of conditions precedent, including the following:

1. the Company shall have completed due diligence in form and substance satisfactory to it;
2. all necessary approvals, consents and authorization required to be obtained on the part of the Company in relation the Possible Transactions and payment of consideration having been obtained (including approval of the Stock Exchange, if required);
3. the Definitive Agreements and the transactions contemplated thereunder have been approved by the directors and shareholders of the Company in accordance with the requirements of the GEM Listing Rules; and
4. all representations and warranties of Wealthy Express shall be true and correct in all material respects.

Exclusivity

Wealthy Express agrees that during the Exclusivity Period, neither Wealthy Express and its affiliates shall (i) take any actions to invite or solicit proposals relating to, or accept or enter into any agreements or arrangements with any person with respect to any transaction as contemplated under the MOU; (ii) participate in any discussion or negotiations regarding any such transaction with any other person or entity other than the Company; or (iii) otherwise cooperate in any way with any offer or attempt by any person or entity to do the foregoing.

Binding effect

Save for the terms in relation to due diligence, expenses, confidentiality, governing law and exclusivity contained in the MOU, the MOU is not legally binding or enforceable.

REASONS AND BENEFITS FOR THE POSSIBLE TRANSACTIONS

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 are of the view that the terms of the MOU are fair and reasonable and the Possible Transactions, if materialised, could benefit the Group from diversifying its existing business which is expected to increase the Shareholders' value. Therefore, the Directors are of the view that the entering into the MOU and the consummation of the Possible Transactions are in the best interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, no Definitive Agreements have been entered into by the Company and Wealthy Express, in particular, the amount of capital contribution to the Joint Venture has not been determined. The Company will comply with the relevant requirements of the GEM Listing Rules with respect to the Possible Transactions as and when required by the GEM Listing Rules.

GENERAL

The Definitive Agreements may or may not be entered into, and even the Definitive Agreements are entered into, the Possible Transactions are conditional upon the fulfillment of certain conditions as set out in paragraph “Conditions precedent” above. The Possible Transactions therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the same meanings set out below unless the context otherwise requires:

“Board”	the board of directors of the Company
“Brand”	the brand, trademark and/or franchised name “PONG”
“Company”	Royal Catering Group Holdings Company Limited (皇爾餐飲集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the GEM of the Stock Exchange (Stock Code: 8300)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Definitive Agreements”	the definitive documentation for the Possible Transactions and other transactions contemplated by this MOU
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period commencing on the date of execution of the MOU and ending on the earlier of (a) 90 days following the date of execution of the MOU and (b) the date of execution of the Definitive Agreements
“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 Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons and otherwise not a connected person of the Company
“Joint Venture”	the joint venture to be formed by the Company and Wealthy Express in Hong Kong
“MOU”	the Memorandum of Understanding dated 27 September 2017 entered into between the Company and Wealthy Express in relation to the Possible Transactions
“Wealthy Express”	Wealthy Express Management Limited, a company incorporated under the law of Hong Kong
“Possible Transactions”	the transactions contemplated under the MOU
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	Guangdong Province of the Peoples’ Republic of China
“%”	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, 27 September 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.