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ROYAL CATERING GROUP HOLDINGS COMPANY LIMITED

皇璽餐飲集團控股有限公司

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8300)

**DISCLOSEABLE AND CONNECTED TRANSACTION IN
RELATION TO THE ACQUISITION OF ISSUED SHARE
CAPITAL IN THE TARGET COMPANIES
AND
SUPPLEMENTAL AGREEMENT IN RELATION TO THE
MASTER AGREEMENT**

The Board is pleased to announce that on 30 September 2019 (after trading hours), the Group has entered into the Share Purchase Agreements, pursuant to which the Group shall acquire the Sale Shares at the aggregate consideration of HK\$5.75 million.

On 30 September 2019, Simple Future and the Manager entered into the Supplemental Agreement, pursuant to which the Master Agreement was amended with effect from 1 October 2019.

As certain of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Transactions, as aggregated pursuant to Rule 19.22 of the GEM Listing Rules, are more than 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company and are subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since each of Tao Heung and Charm Sky is a substantial shareholder of the subsidiaries of the Company and hence is a connected person of the Company, the Transactions, as aggregated pursuant to Rule 20.79 of the GEM Listing Rules, constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. As the Transactions were conducted on normal commercial terms and all the percentage ratios (other than the profits ratio), as aggregated pursuant to Rule 20.79 of the GEM Listing Rules, are less than 25% and the total consideration is less than HK\$10.0 million, the Transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 September 2019 (after trading hours), the Group has entered into the Share Purchase Agreements, pursuant to which the Group shall acquire the Sale Shares at the aggregate consideration of HK\$5.75 million.

THE DHY SHARE PURCHASE AGREEMENT

Date

30 September 2019

Parties

- (i) Tao Heung, as vendor
- (ii) Alliance Catering, as purchaser
- (iii) DHY, as target company

Subject matter

Tao Heung has agreed to sell and Alliance Catering has agreed to purchase the DHY Shares, representing 30% of the issued share capital of DHY.

Consideration

The consideration is HK\$5,470,000, which shall be payable in cash on the Completion Date.

The consideration was determined after arm's length negotiations between the Group and Tao Heung Group with reference to the market value of the DHY Shares as of 31 August 2019 of HK\$5,471,000 as assessed by the Independent Valuer.

Completion

Completion shall take place on the date of the DHY Share Purchase Agreement. Completion has taken place as at the date of this announcement.

THE BRIGHT UP SHARE PURCHASE AGREEMENT

Date

30 September 2019

Parties

- (i) Charm Sky, as vendor
- (ii) Simple Future, as purchaser
- (iii) Bright Up, as target company

Subject matter

Charm Sky has agreed to sell and Simple Future has agreed to purchase the Bright Up Shares, representing 40% of the issued share capital of Bright Up.

Consideration

The consideration is HK\$192,999, which shall be payable in cash on the Completion Date.

The consideration was determined after arm's length negotiations between the Group and Tao Heung Group with reference to the market value of the Bright Up Shares as of 31 August 2019 of HK\$194,000 as assessed by the Independent Valuer.

Completion

Completion shall take place on the Completion Date. Completion has taken place as at the date of this announcement.

THE SKY GRAND SHARE PURCHASE AGREEMENT**Date**

30 September 2019

Parties

- (i) Charm Sky, as vendor
- (ii) Simple Future, as purchaser
- (iii) Sky Grand, as target company

Subject matter

Charm Sky has agreed to sell and Simple Future has agreed to purchase the Sky Grand Shares, representing 40% of the issued share capital of Sky Grand.

Consideration

The consideration is HK\$87,000, which shall be payable in cash on the Completion Date.

The consideration was determined after arm's length negotiations between the Group and Tao Heung Group with reference to the market value of the Sky Grand Shares as of 31 August 2019 of HK\$88,000 as assessed by the Independent Valuer.

Completion

Completion shall take place on the Completion Date. Completion has taken place as at the date of this announcement.

THE FOREVER DRINKS SHARE PURCHASE AGREEMENT

Date

30 September 2019

Parties

- (i) Charm Sky, as vendor
- (ii) Simple Future, as purchaser
- (iii) Forever Drinks, as target company

Subject matter

Charm Sky has agreed to sell and Simple Future has agreed to purchase the Forever Drinks Shares, representing 40% of the issued share capital of Forever Drinks.

Consideration

The consideration is HK\$1.00, which shall be payable in cash on the Completion Date.

The consideration was determined after arm's length negotiations between the Group and Tao Heung Group with reference to the market value of the Forever Drinks Shares as of 31 August 2019 of HK\$0 as assessed by the Independent Valuer.

Completion

Completion shall take place on the Completion Date. Completion has taken place as at the date of this announcement.

INFORMATION OF THE PARTIES

The Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of casual dining food catering services in Hong Kong.

Alliance Catering is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company. Alliance Catering is principally engaged in the provision of casual dining food catering services in Hong Kong.

Simple Future is a company incorporated in the BVI and is a wholly-owned subsidiary of the Company. Simple Future is principally engaged in investment holding.

The Tao Heung Group

Tao Heung

Tao Heung is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, provision of management and promotion services, trading of food and other operating items to restaurant operations and property investment.

Charm Sky

Charm Sky is a company incorporated in Hong Kong and is principally engaged in investment holding.

Tao Heung and Charm Sky are wholly-owned subsidiaries of Tao Heung Holdings. The Tao Heung Group is principally engaged in the provision of food catering services through a chain of restaurants and bakery shops.

The Target Companies

DHY

DHY is a company incorporated in Hong Kong with limited liability. Immediately before the Completion, DHY had 9,000,000 shares in issue and was owned as to 60%, 30%, 5.0%, 2.5% and 2.5% by Alliance Catering, Tao Heung, LM Hospitality Management & Consultants Limited, Chan Tin Yau Keven and Luk Yuen Man, respectively. Immediately after the Completion, DHY had 9,000,000 shares in issue and was owned as to 90%, 5.0%, 2.5% and 2.5% by Alliance Catering, LM Hospitality Management & Consultants Limited, Chan Tin Yau Keven and Luk Yuen Man, respectively, and whose results would remain consolidated into the results of the Group.

As at the date of this announcement, DHY is principally engaged in the operation of restaurants and food outlets under the brand “Du Hsiao Yueh (度小月)” in Hong Kong.

Set out below is the financial information of DHY, as extracted from its financial statements:

	For the financial year ended 31 March 2018 (audited) HK\$'000	For the financial year ended 31 March 2019 (unaudited) HK\$'000
Net profit before taxation	5,138	7,354
Net profit after taxation	4,290	6,356

Based on the unaudited financial statements of DHY, the unaudited net asset value of DHY as at 30 June 2019 was approximately HK\$16,946,000.

Bright Up

Bright Up is a company incorporated in Hong Kong with limited liability. Immediately before the Completion, Bright Up had 3,000,000 shares in issue and was owned as to 60% by Simple Future and 40% by Charm Sky. Immediately after the Completion, Bright Up was wholly owned by Simple Future, and whose results would remain consolidated into the results of the Group.

As at the date of this announcement, Bright Up is principally engaged in the operation of restaurants and food outlets under the brand “Flamingo Bloom” in Hong Kong.

Set out below is the financial information of Bright Up, as extracted from its financial statements:

	For the financial year ended 31 March 2018 (unaudited) HK\$'000	For the financial year ended 31 March 2019 (unaudited) HK\$'000
Net loss before taxation	12	36
Net loss after taxation	12	36

Based on the unaudited financial statements of Bright Up, the unaudited net asset value of Bright Up as at 30 June 2019 was approximately HK\$2,446,000.

Sky Grand

Sky Grand is a company incorporated in Hong Kong with limited liability. Immediately before the Completion, Sky Grand had 3,000,000 shares in issue and was owned as to 60% by Simple Future and 40% by Charm Sky. Immediately after the Completion, Sky Grand was wholly owned by Simple Future, and whose results would remain consolidated into the results of the Group.

Sky Grand is principally engaged in the operation of restaurants and food outlets under the brand “Hanlin Tea Room/House (翰林茶館/棧)” in Hong Kong.

Set out below is the financial information of Sky Grand, as extracted from its financial statements:

	For the financial year ended 31 March 2018 (unaudited) HK\$'000	For the financial year ended 31 March 2019 (unaudited) HK\$'000
Net loss before taxation	14	2,040
Net loss after taxation	14	2,094

Based on the unaudited financial statements of Sky Grand, the unaudited net asset value of Sky Grand as at 30 June 2019 was approximately HK\$566,000.

Forever Drinks

Forever Drinks is a company incorporated in Hong Kong with limited liability. Immediately before the Completion, Sky Grand had 3,000,000 shares in issue and was owned as to 60% by Simple Future and 40% by Charm Sky. Immediately after the Completion, Forever Drinks was wholly owned by Simple Future, and whose results would remain be consolidated into the results of the Group.

As at the date of this announcement, Forever Drinks is principally engaged in the operation of restaurants and food outlets under the brand “Flamingo Bloom” in Hong Kong.

Set out below is financial information of Forever Drinks, as extracted from its financial statements:

	For the financial year ended 31 March 2018 (unaudited) HK\$'000	For the financial year ended 31 March 2019 (unaudited) HK\$'000
Net loss before taxation	8	1,795
Net loss after taxation	8	1,816

Based on the unaudited financial statements of Forever Drinks, the unaudited net asset value of Forever Drinks as at 30 June 2019 was approximately HK\$671,000.

THE SUPPLEMENTAL AGREEMENT

Reference is made to the CCT Announcement.

On 30 September 2019, Simple Future and the Manager entered into the Supplemental Agreement, pursuant to which, with effect from 1 October 2019:

1. The Management Services to be provided by the Manager were amended to cover accounting and procurement and logistic only, details of such services are more particularly described in the section headed “The Master Agreement — Provision of Management Services” of the CCT Announcement.
2. The expiry date of the term of the Master Agreement was amended from 31 March 2021 to 31 March 2020, and Simple Future may terminate the Master Agreement by giving the Manager at least one month’s written notice of termination.
3. Management fees payable to the manager were amended from three percent (3%) to one percent (1%) of the Monthly Consolidated Gross Sales Turnover of a restaurant.

The other terms of the Master Agreement remain unchanged and binding on Simple Future and the Manager.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group's principal line of business is the provision of casual dining food catering services in Hong Kong. The Company is of the view that the Transactions will fit into the Group's business activities. The Directors hold a positive view towards the catering business of the Target Companies and believe that such catering business would bring positive returns to the Group in the long run.

Since Tao Heung Group would no longer own any interest in the Target Companies following the Completion, Tao Heung Group desires not to provide the Management Services to the Target Companies. On the other hand, the Group intends to operate the catering business of the Target Companies on its own.

The Group paid the aggregate consideration by using the proceeds raised in the placing of new shares by the Company in January 2018.

In view of the above, the Board considers that the terms of the Share Purchase Agreements and the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Transactions, as aggregated pursuant to Rule 19.22 of the GEM Listing Rules, are more than 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since each of Tao Heung and Charm Sky is a substantial shareholder of the subsidiaries of the Company and hence is a connected person of the Company, the Transactions, as aggregated pursuant to Rule 20.79 of the GEM Listing Rules, constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. As the Transactions were conducted on normal commercial terms and all the percentage ratios (other than the profits ratio), as aggregated pursuant to Rule 20.79 of the GEM Listing Rules, are less than 25% and the total consideration is less than HK\$10.0 million, the Transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Alliance Catering”	Alliance Catering Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Bright Up”	Bright Up (HK) Limited, which is more particularly described in the section headed “Information of the parties — The Target Companies” of this announcement
“Bright Up Share Purchase Agreement”	the agreement dated 30 September 2019 entered into between Charm Sky as vendor and Simple Future as purchaser in respect of the sale and purchase of the Bright Up Shares
“Bright Up Shares”	1,200,000 ordinary shares in Bright Up held by the Charm Sky, representing 40% of the issued share capital of Bright Up as at the Completion Date
“BVI”	the British Virgin Islands
“CCT Announcement”	the announcement of the Company dated 31 December 2018 in relation to the Master Agreement
“Charm Sky”	Charm Sky Enterprise Limited, which is more particularly described in the section headed “Information of the parties — The Tao Heung Group” of this announcement
“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 and whose shares are listed on GEM (Stock Code: 8300)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Completion”	the completion of the sale and purchase of the Sale Shares
“Completion Date”	the date on which the Completion took place, being 30 September 2019
“Directors”	director(s) of the Company
“DHY”	Du Hsiao Yueh (Hong Kong) Limited (度小月(香港)有限公司), which is more particularly described in the section headed “Information of the parties — The Tao Heung Group” of this announcement

“DHY Share Purchase Agreement”	the agreement dated 30 September 2019 entered into between Tao Heung as vendor and Alliance Catering as purchaser in respect of the sale and purchase of the DHY Shares
“DHY Shares”	2,700,000 ordinary shares in DHY held by Tao Heung, representing 30% of the issued share capital DHY as at the Completion Date
“Forever Drinks”	Forever Drinks Limited, which is more particularly described in the section headed “Information of the parties — The Target Companies” of this announcement
“Forever Drinks Shares”	1,200,000 ordinary shares in Forever Drinks held by the Charm Sky, representing 40% of the issued share capital of Forever Drinks as at the Completion Date
“Forever Drinks Share Purchase Agreement”	the agreement dated 30 September 2019 entered into between Charm Sky as vendor and Simple Future as purchaser in respect of the sale and purchase of the Forever Drinks Shares
“GEM”	GEM operated by 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 People’s Republic of China
“Independent Valuer”	International Valuation Limited, an independent valuer appointed by the Company
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM
“Management Services”	management services to be provided by the Manager Group to the Group regarding the day-to-day running and operation of restaurants under the Master Agreement
“Manager”	Tensel Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Tao Heung Holdings
“Manager Group”	the Manager and its subsidiaries

“Master Agreement”	the Master Agreement dated 31 December 2018 entered into between Simple Future and the Manager with respect to the provision of the Management Services and the supply of food ingredients, food products, beverages, utensils and other ancillary equipment regarding the day-to-day running and operation of restaurants
“Monthly Consolidated Gross Sales Turnover”	has the meaning ascribed to it in the CCT Announcement
“Sale Shares”	collectively the Bright Up Shares, the DHY Shares, the Forever Drinks Shares and the Sky Grand Shares
“Share Purchase Agreements”	collectively, DHY Share Purchase Agreement, Sky Grand Share Purchase Agreement, Forever Drinks Share Purchase Agreement and Bright Up Share Purchase Agreement
“Simple Future”	Simple Future Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sky Grand”	Sky Grand International Development Limited, a company incorporated in Hong Kong with limited liability
“Sky Grand Shares”	1,200,000 ordinary shares in Sky Grand held by the Charm Sky, representing 40% of the issued share capital of Sky Grand
“Sky Grand Share Purchase Agreement”	the agreement dated 30 September 2019 entered into between Charm Sky as vendor and Simple Future as purchaser in respect of the sale and purchase of the Sky Grand Sale Shares
“Supplemental Agreement”	the Supplemental Agreement to the Master Agreement dated 30 September 2019 entered into between Simple Future and the Manager
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, DHY, Bright Up, Sky Grand and Forever Drinks
“Tao Heung”	Tao Heung Seafood Hotpot Restaurant Limited, which is more particularly described in the section headed “Information of the parties — The Tao Heung Group” of this announcement

“Tao Heung Group”	Tao Heung Holdings and its subsidiaries
“Tao Heung Holdings”	Tao Heung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on Main Board of the Stock Exchange (Stock code: 573)
“Transactions”	the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreements
“%”	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, 2 October 2019

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. Cai Chun Fai and Mr. Ng Sai Cheong.

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.hk for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.hkrcg.com.