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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)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF PROPERTY

THE DISPOSAL

The Board would like to announce that on 23 June 2021 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, the Purchaser and the Property Agent entered into the Preliminary Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the consideration of HK\$34.18 million.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Disposal, the Preliminary Agreement and the transactions contemplated thereunder. As such, no Shareholder would be required to abstain from voting on the relevant resolutions to approve the Preliminary Agreement and the transactions contemplated thereunder if the Company was to convene an extraordinary general meeting for the approval of the same.

As at the date of this announcement, Fortune Round Limited, a controlling Shareholder of the Company, directly holds 1,500,000,000 Shares, representing approximately 56.7% of the issued share capital of the Company, and written Shareholder's approval for the Preliminary Agreement and the transactions contemplated thereunder has been obtained from Fortune Round Limited. Accordingly, pursuant to Rule 19.44 of the GEM Listing Rules, such written Shareholders' approval may be accepted in lieu of holding an extraordinary general meeting of the Company to approve the Preliminary Agreement and the transactions contemplated thereunder. As such, no extraordinary general meeting will be convened for approving the Preliminary Agreement and the transactions contemplated thereunder.

A circular containing, amongst others, details of the Disposal, as required under the GEM Listing Rules, is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 15 July 2021.

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THE PRELIMINARY AGREEMENT

Date

23 June 2021

Parties

- (i) Kingdom Star Investment Limited, as Vendor;
- (ii) Eagle City Limited, as Purchaser; and
- (iii) Centaline Property Agency Limited, as Property Agent.

The subject matter

Pursuant to the Preliminary Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property, which is situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong. The Property has an aggregate gross floor area of 2,975 square feet and is for non-residential use. Pursuant to the Preliminary Agreement, the Property will be sold on "as is" basis.

Consideration and payment terms

The purchase price of the Property shall be HK\$34,180,000, which shall be payable by the Purchaser to the Vendor in the manners as follows:

- (i) HK\$1,500,000 was paid upon signing of the Preliminary Agreement as initial deposit, representing approximately 4.4% of the consideration;
- (ii) HK\$1,918,000, representing approximately 5.6% of the consideration, shall be paid on or before 8 July 2021 as further deposit; and
- (iii) the remaining balance of HK\$30,762,000, representing 90% of the consideration, shall be paid upon Completion on or before 30 September 2021 as balance of purchase price.

The consideration was determined after arm's length negotiations with reference to the market value of similar properties in adjacent locations between the Vendor and the Purchaser on normal commercial terms.

If and when the Preliminary Agreement becomes unconditional, the Vendor shall pay HK\$341,800 and the Purchaser shall pay HK\$270,000 to the Property Agent as commission not later than 30 September 2021.

Condition precedent and termination of the Preliminary Agreement

Obligations of the Vendor and the Purchaser to complete the Disposal is subject to the satisfaction of the following condition precedent:

At or before the completion,

- (a) the Stock Exchange issues written confirmation that there is no obligation on the part of the Company being triggered in respect of any matters concerning the level of sufficiency of the operation and asset value and/or cash company issue under the GEM Listing Rules; and
- (b) the Company does not receive any indication from the Stock Exchange concerning its objection, suspension, cancellation, revocation and withdrawal of the continuous listing status of the Shares for any reason due to the Disposal contemplated by the Preliminary Agreement (under (including but not limited to) Rules 17.26 and/or 19.82 of the GEM Listing Rules); and
- (c) the Stock Exchange issues written confirmation that Rules 17.26 and/or 19.82 of the GEM Listing Rules will not be triggered in respect of any of the foregoing; and
- (d) there is no outstanding enquiries raised by the Stock Exchange in respect of any of the foregoing matters.

The Vendor warrants and undertakes that it will promptly procure the Company to inform the Stock Exchange of the Disposal and proceed with available practical care and diligence (which shall not have any material adverse impact on the business, financial condition or results of operations of the Group and shall not require the Group to incur any material or substantial costs or capital commitment) to address enquiries raised by the Stock Exchange in relation to the Disposal contemplated by the Preliminary Agreement.

If completion of the Disposal does not or cannot take place before 30 September 2021 by reason of the non-satisfaction of the condition precedent set out above, the Preliminary Agreement shall become cancelled and terminated and the Vendor shall return to the Purchaser any and all deposits (without interest) previously received by the Vendor under the Preliminary Agreement within five working days after the date of cancellation and termination.

The parties shall enter into a deed of cancellation and such deed of cancellation shall be registered against the Property at each parties' own costs.

Formal agreement and completion

Formal agreement for the Disposal shall be signed on or before 8 July 2021. The formal agreement shall not be in conflict with, or will otherwise prejudice or compromise, the Preliminary Agreement. In case the formal agreement cannot be signed, the Preliminary Agreement shall survive until completion and Part A in 2nd Schedule of the Conveyancing and Property Ordinance (Chapter 219 of Laws of Hong Kong) (save and except Clauses 10 and 11) shall be implied herein.

Subject to satisfaction of the condition precedent set out above, completion of the Disposal shall take place on any one working day that falls before 30 September 2021. The Vendor shall, at least 14 working days after delivery of all relevant title deeds of the Property to the Purchaser's solicitors and before the intended completion date (taking into account the day on which such notification is given by the Vendor), notify the Purchaser and the Property Agent of the completion date and send all relevant title deeds and documents in respect of the Property to the Purchaser's solicitors.

Breach of the Preliminary Agreement

If and when the condition precedent set out above is satisfied:

- (i) should the Purchaser fail to complete the purchase, the deposit shall be forfeited to the Vendor and the Vendor shall not sue the Purchaser for any liabilities and/or damages caused by the Purchaser's default of the Preliminary Agreement; or

- (ii) should the Vendor after receiving the deposit paid pursuant to the Preliminary Agreement fail to complete the Disposal, the Vendor shall immediately compensate the Purchaser with a sum equivalent to the amount of deposit as liquidated damages together with the refund of the deposit and the Purchaser shall not take any further action to claim for damages or to enforce specific performance.

INFORMATION OF THE GROUP AND THE VENDOR

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.

The Vendor is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in property investment.

INFORMATION OF THE PURCHASER AND THE PROPERTY AGENT

The Purchaser is a company incorporated in Hong Kong with limited liability and principally engaged in property investment.

The Property Agent is a company incorporated in Hong Kong with limited liability and operates property agencies in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Purchaser and the Property Agent and their respective ultimate beneficial owner(s) is an Independent Third Party.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Subject to further audit procedures to be performed by the auditors of the Company, no material gain or loss is expected to be recognised by the Group, as the consideration of the Disposal under the Preliminary Agreement of HK\$34.18 million is slightly higher than the unaudited carrying amount of the Property as of 31 March 2021 of approximately HK\$33.7 million. The actual amount of gain or loss as a result of the Disposals to be recorded by the Group will be subject to the review and final audit by the auditors of the Company.

It is estimated that the net proceeds from the Disposal would be approximately HK\$33.8 million after deducting related expenses including commission of the Property Agent and legal fees. The Company intends to use the net proceeds from the Disposal as working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group purchased the Property in June 2018 at HK\$29.8 million. It has been the Board's intention that the Group holds the Property for its own use as office and value appreciation. In view of the prospects of the property market and economy in Hong Kong, the Directors consider that the Disposal represents an opportunity for the Group to realise the appreciated value of the Property so as to generate additional working capital to the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Preliminary Agreement are on normal commercial terms which are fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

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As at the date of this announcement, Fortune Round Limited, a controlling Shareholder of the Company, directly holds 1,500,000,000 Shares, representing approximately 56.7% of the issued share capital of the Company, and written Shareholder's approval for the Preliminary Agreement and the transactions contemplated thereunder has been obtained from Fortune Round Limited. Accordingly, pursuant to Rule 19.44 of the GEM Listing Rules, such written Shareholders' approval may be accepted in lieu of holding an extraordinary general meeting of the Company to approve the Preliminary Agreement and the transactions contemplated thereunder. As such, no extraordinary general meeting will be convened for approving the Preliminary Agreement and the transactions contemplated thereunder.

A circular containing, amongst others, details of the Disposal and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 15 July 2021.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the GEM Listing Rules
“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 and whose shares are listed on GEM (Stock Code: 8300)
“Completion”	completion of the Disposal pursuant to the Preliminary Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Preliminary Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM”	GEM operated by the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company

“major transaction”	has the meaning ascribed to it under the GEM Listing Rules
“notifiable transaction”	has the meaning ascribed to it under the GEM Listing Rules
“percentage ratio(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Preliminary Agreement”	the preliminary sale and purchase agreement dated 23 June 2021 entered into between the Vendor, the Purchaser and the Property Agent in relation to the sale and purchase of the Property
“Property”	the property situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong
“Property Agent”	Centaline Property Agency Limited
“Purchaser”	Eagle City Limited, a company incorporated in Hong Kong with limited liability
“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
“Vendor”	Kingdom Star Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“%”	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, 23 June 2021

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 Listed Company Information” 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.