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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 TRANSACTION
IN RELATION TO THE PRELIMINARY TENANCY AGREEMENT**

THE PRELIMINARY TENANCY AGREEMENT

The Board announces that on 3 August 2022 (after trading hours), Royal Time (as the tenant), being a wholly-owned subsidiary of the Company, entered into the Preliminary Tenancy Agreement with Joinsun International Limited (as the landlord) in respect of the Premises for a term of three years commencing from 1 September 2022 to 31 August 2025 (both days inclusive) with an option to renew for a further term of three years for operating a restaurant under the trade name of “*Da Shia Taiwan (大呷台灣)*” serving mainly Taiwanese delicacies.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 *Leases*, the Group shall recognise right-of-use asset in its consolidated statement of financial position in respect of the Lease. Accordingly, the Lease would be regarded as an acquisition of asset.

As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Lease are more than 5% but all applicable percentage ratios are less than 25%, the Lease constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board announces that on 3 August 2022 (after trading hours), Royal Time (as the tenant), being a wholly-owned subsidiary of the Company, entered into the Preliminary Tenancy Agreement with Joinsun International Limited (as the landlord) in respect of the Premises for a term of three years commencing from 1 September 2022 to 31 August 2025 (both days inclusive) with an option to renew for a further term of three years for operating a restaurant under the trade name of “*Da Shia Taiwan (大呷台灣)*” serving mainly Taiwanese delicacies.

THE PRELIMINARY TENANCY AGREEMENT

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

Date: 3 August 2022

Parties: (i) Joinsun International Limited as the landlord; and
(ii) Royal Time Enterprises Limited as the tenant

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owner (Mr. Law Kwai Kau) are Independent Third Parties.

Subject matter: The leasing of the Premises

Premises: Ground Floor, No. 185 Portland Street, Kowloon, Hong Kong

Use: Commercial

Term: Three years commencing from 1 September 2022 to 31 August 2025 (both days inclusive) with an option to renew for a further term of three years from 1 September 2025 to 31 August 2028 (both days inclusive)

Monthly rental: (a) HK\$130,000 for the period from 1 September 2022 to 31 August 2025 (both days inclusive)
(b) (if the option to renew is exercised) at the prevailing market rent and the monthly rental increment shall not exceed 15% (i.e. HK\$149,500)

The monthly rental is exclusive of government rates and rents and management fees.

Rent-free period:	For the period from 1 September 2022 to 15 October 2022 (both days inclusive)
Rental deposit:	HK\$780,000, representing six months of monthly rental
Formal tenancy agreement:	The Landlord and the Tenant have agreed to enter into a formal tenancy agreement on or before 15 August 2022.
Stamp duty:	The stamp duty shall be shared equally between the Landlord and the Tenant.

The total aggregate value of rental payable under the Preliminary Tenancy Agreement will not be more than approximately HK\$9.9 million, being the maximum rental payments in aggregate for the term of 6 years (to the extent that the option to renew is exercised by the Company).

The monthly rental was determined by the parties after arm's length negotiations with reference to the prevailing market rent for similar comparable properties in the vicinity of the Premises. The Group intends to finance the rental and other amounts payable (including management fees) under the Preliminary Tenancy Agreement by internal resources of the Group.

THE RIGHT-OF-USE ASSET

Based on the valuation report prepared by International Valuation Limited (being an independent valuer), the value of the right-of-use asset to be recognised by the Company in respect of the Lease shall amount to approximately HK\$4.1 million as at estimation date of 28 July 2022, which is the present value of the aggregated lease payments, plus initial direct costs and estimated reinstatement cost in accordance with HKFRS 16 *Leases*. Estimated incremental borrowing rate of approximately 6.45% per annum is applied to compute the present value of aggregate lease payments under the terms of the Preliminary Tenancy Agreement.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE LEASE

The Group is principally engaged in the provision of catering services in Hong Kong. The Group currently operates a self-owned restaurant “*Da Shia Taiwan (大呷台灣)*” in Central (the “**Central Shop**”), serving mainly Taiwanese delicacies to the local community. The Group entered into the Lease with a view to expand its operation under the brand name “*Da Shia Taiwan (大呷台灣)*”, having considered (i) the Premises is located in Mong Kok, Kowloon which is a prime location in Hong Kong and would extend the geographical footprint of the Group's restaurant “*Da Shia Taiwan (大呷台灣)*”; and (ii) the terms (including monthly rental) of the Preliminary Tenancy Agreement as compared with that for the Central Shop.

Taking into account of, among other things, the existing restaurants around the Premises, the demands on the existing restaurants of the Group, the location of the Premises and the prevailing market price for comparable premises in the vicinity of the Premises, the Board considers that the terms of the Preliminary Tenancy Agreement are fair and reasonable, and the entering into of the Preliminary Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information on the Group and the Tenant

The Group is principally engaged in the provision of catering services through a chain of casual dining food catering services restaurants in Hong Kong.

The Tenant is a wholly-owned subsidiary of the Company and is principally engaged in the provision of food catering services. The Tenant shall operate a restaurant under the trade name of “*Da Shia Taiwan* (大呷台灣)” serving mainly Taiwanese delicacies.

Information on the Landlord

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord is principally engaged in property leasing.

IMPLICATIONS UNDER THE GEM LISTING RULES

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As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Lease are more than 5% but all applicable percentage ratios are less than 25%, the Lease constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the Board of Directors of the Company
“Company”	Royal Catering Group Holdings Company Limited (皇璽餐飲集團控股有限公司), an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8300)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Landlord”	Joinsun International Limited (彩昇國際有限公司), a limited liability company incorporated in Hong Kong
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Preliminary Tenancy Agreement
“Preliminary Tenancy Agreement”	the preliminary tenancy agreement dated 3 August 2022 entered into between the Tenant and the Landlord in respect of the Premises

“Premises”	The premises situated at Ground Floor, No. 185 Portland Street, Kowloon, Hong Kong, with gross floor area of approximately 1,071 square feet
“Royal Time”/“Tenant”	Royal Time Enterprises Limited (時代企業有限公司), a limited liability company incorporated in Hong Kong and being a wholly-owned subsidiary of the Company
“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
“%”	per cent

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

Hong Kong, 3 August 2022

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