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ROYAL GROUP HOLDINGS INTERNATIONAL COMPANY LIMITED

皇璽集團控股國際有限公司

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8300)

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 20.58(1) OF THE GEM LISTING RULES

THE TENANCY AGREEMENT AND THE MEMORANDUM

Reference is made to the announcement of the Company dated 3 August 2022 in relation to the leasing of the Premises by Royal Time (as tenant) from Joinsun International (as landlord) 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.

The Board announces that on 28 April 2023 (after trading hours), (i) VR Capital (as the purchaser) acquired the Premises from Joinsun International (as the vendor); and (ii) following the Acquisition, VR Capital (as the new landlord) entered into the Memorandum with Royal Time (as tenant), pursuant to which VR Capital and Royal Time agreed to be bound by the terms and conditions of the Tenancy Agreement in respect of the Premises.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 20.58(1) OF THE GEM LISTING RULES

Prior to the Acquisition, Joinsun International (as landlord) and Royal Time (as tenant) had entered into the Tenancy Agreement in respect of the leasing of the Premises. As the issued share capital of VR Capital is owned as to 50% and 50% by Mr. Wong (being an executive Director, chairman of the Board, chief executive officer of the Group and one of the Controlling Shareholders) and Mrs. Wong (being the spouse of Mr. Wong), respectively, VR Capital is a connected person of the Company under the GEM Listing Rules. Upon the completion of the Acquisition and the entering into of the Memorandum on 28 April 2023, VR Capital became the new landlord of the Premises and thus the Tenancy Agreement and the transactions thereunder constitute continuing connected transactions of the Company under the GEM Listing Rules.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 20.58(1) of the GEM Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 20 of the GEM Listing Rules regarding the Tenancy Agreement.

As all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Tenancy Agreement will be subject to reporting, announcement and annual review requirements but exempt from circular and Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 3 August 2022 in relation to the leasing of the Premises by Royal Time (as tenant) from Joinsun International (as landlord) 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.

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THE MEMORANDUM

Set out below is a summary of the key terms of the Memorandum:

- (a) VR Capital and Royal Time agree to be bound by the terms and conditions of the Tenancy Agreement.
- (b) All rentals and other monies payable by Royal Time (as tenant) under the Tenancy Agreement with effect from 29 April 2023 will be paid to VR Capital.

THE TENANCY AGREEMENT

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

Date: 23 August 2022

Parties: (i) Joinsun International Limited as the landlord ^(Note); 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 Old Landlord and its ultimate beneficial owner (Mr. Law Kwai Kau) are Independent Third Parties.

Note: Following the Acquisition, VR Capital became the new landlord of the Premises by operation of law.

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

The total aggregate value of rental payable under the 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 under the Tenancy Agreement was determined by the Old Landlord and the Tenant after arm's length negotiations with reference to the then prevailing market rent for similar comparable properties in the vicinity of the Premises. In determining to be bound by the terms and conditions of the Tenancy Agreement (i.e. including the monthly rental) under the Memorandum, the New Landlord and the Tenant took into account: (i) the monthly rental under the Tenancy Agreement was determined on an arm's length basis as disclosed above; and (ii) the prevailing market rent for similar comparable properties in the vicinity of the Premises. The Group intends to continue to finance the rental and other amounts payable (including management fees) under the Tenancy Agreement by internal resources of the Group.

PROPOSED ANNUAL CAPS

The proposed annual caps for the three years ending 31 March 2024, 2025 and 2026 are approximately HK\$1,439,000 and HK\$1,560,000 and HK\$650,000 (to the extent that the option to renew is not exercised by the Company), respectively.

The annual cap amount of approximately HK\$1,439,000 for the year ending 31 March 2024 is calculated with reference to the total rental payable under the Tenancy Agreement from 29 April 2023 to 31 March 2024. The annual cap amount of HK\$1,560,000 for the year ending 31 March 2025 is calculated with reference to the total rental payable under the Tenancy Agreement during that financial year. The annual cap amount of approximately HK\$650,000 for the year ending 31 March 2026 is calculated with reference to the total rental payable under the Tenancy Agreement from 1 April 2025 to 31 August 2025 (to the extent that the option to renew is not exercised by the Company).

REASONS FOR AND THE BENEFITS OF CONTINUING WITH THE LEASE UNDER THE MEMORANDUM

The Group is principally engaged in the provision of catering services in Hong Kong. The Group obtained the franchising rights of “*Du Hsiao Yueh Restaurant (度小月)*” in Hong Kong, which is a household name of Taiwanese cuisine. The Group has been operating one of its “*Du Hsiao Yueh Restaurant (度小月)*” restaurants at the Premises since entering into of the Tenancy Agreement.

The Board considers it to be in the interest of the Company and the Shareholders as a whole for the Group to enter into the Memorandum and thereby continue with the Lease to use the Premises to operate one of its “*Du Hsiao Yueh Restaurant (度小月)*” restaurants as long as the rentals and other outgoings under the Tenancy Agreement are on normal commercial terms or favourable to the Group so as to avoid relocation and refurbishment costs which otherwise the Group will have to incur.

Mr. Wong has abstained from voting in the Board meeting to approve the Memorandum and the annual cap amounts in view of Mr. Wong's interests in VR Capital. Save for Mr. Wong, none of the Directors has any material interests in the Memorandum and the Tenancy Agreement and was required to abstain from voting in the aforesaid Board meeting.

The Directors (including the independent non-executive Directors) are of the view that:

- (a) the terms of the Memorandum (i.e. agreeing to be bound by the terms and conditions of the Tenancy Agreement) are on normal commercial terms or better that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (b) the proposed annual caps are fair and reasonable; and
- (c) the continuing connected transactions contemplated under the Memorandum (i.e. agreeing to be bound by the terms and conditions of the Tenancy Agreement) are and will be conducted in the ordinary and usual course of business of the Group and 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 is currently operating a restaurant under the trade name of “*Du Hsiao Yueh Restaurant (度小月)*” serving Taiwanese cuisine.

Information on the New Landlord

The New Landlord is principally engaged in property investment.

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IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 20.58(1) of the GEM Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 20 of the GEM Listing Rules regarding the Tenancy Agreement.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Premises by VR Capital from Joinsun International
“Board”	the Board of Directors of the Company
“Company”	Royal Group Holdings International Company Limited (皇璽集團控股國際有限公司), an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8300)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto 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

“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
“Joinsun International”/“Old 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 Tenancy Agreement
“Memorandum”	the memorandum dated 28 April 2023 entered into between VR Capital and Royal Time
“Mr. Wong”	Mr. Wong Man Wai (王文威), an executive Director, chairman of the Board, chief executive officer of the Group, one of the Controlling Shareholders and the spouse of Mrs. Wong
“Mrs. Wong”	Ms. Li Wing Yin (李穎妍), the spouse of Mr. Wong
“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

“Tenancy Agreement”	the tenancy agreement dated 23 August 2022 entered into between the Tenant and the Old Landlord in respect of the Premises
“VR Capital”/“New Landlord”	VR Capital Limited (明德資本有限公司), a limited liability company incorporated in Hong Kong, the issued share capital of which is owned as to 50% and 50% by Mr. Wong and Mrs. Wong, respectively
“%”	per cent

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

Hong Kong, 28 April 2023

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.