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HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION ENTERING INTO COLLABORATION AGREEMENT

Reference is made to the announcement of the Company dated 23 June 2023 in relation to entering into Collaboration Agreement (“**Announcement**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide supplemental information in relation to the Collaboration Agreement.

FURTHER INFORMATION ON THE COLLABORATION AGREEMENT

Basis for determination of the Sum

APEC Business has agreed to pay a sum of HK\$15.0 million to Regal Crown which will be used by Regal Crown to finance the costs and expenses for the development of the RC3.0 App Project. The Sum was determined after arm’s length negotiations between APEC Business and Regal Crown with reference to, among other things, (i) the projected technological cost and marketing cost required by Regal Crown for the commercialisation of the RC3.0 App Project; (ii) the necessary assistance required from Regal Crown in establishing relationships with target clientele and reconnecting with existing clientele from Regal Crown’s associate software in securing profits generated by the RC3.0 App; and (iii) the potential profitability as generated from the use of the RC3.0 App during the full term of the Collaboration Agreement.

The table below sets forth the allocation and the expected timeline by Regal Crown for the use of the Sum:

Intended use of Sum	Approximate allocation of Sum	Expected timeline
Acquisition and enhancement of new information technology equipment and software	HK\$2.6 million	To be utilised by 1 August 2023
Recruitment of system analysts, programmers and marketing staff	HK\$7.6 million	To be utilised by 1 October 2024
Office expansion	HK\$1.1 million	To be utilised by 1 October 2024
Other administrative and IT related expenses	HK\$3.7 million	To be utilised by 1 October 2024

RC2.0 App and RC3.0 App

RC2.0 App is a mobile application which provides users with personal wealth management solutions. As it had been Regal Crown's intentions to offer RC2.0 App as a free trial operation to its target customers prior to the launch of the RC3.0 App, there had been no historical income from its existing users of RC2.0 App as at the date of the Collaboration Agreement.

As likened to the business strategy and historical income generated from the use of Regal Crown's other associate applications for the year ended 31 March 2023, Regal Crown is intended to commence the generating of income from the use of the RC3.0 App when full development and accumulation of potential clientele have been put in place.

The target customers of the RC3.0 App are intended to be financial institutions and multi system operator ("MSO") subscribers. As RC3.0 App offers virtual banking facilities, enterprise resource planning function and blockchain features, RC3.0 App will allow financial institutions and MSO to let their end users to participate in its settlement application services for online and offline transactions. In return, the financial institutions and MSO will pay a one-time initial joining fee and a monthly subscription fee to Regal Crown, which will be deemed as income and revenue generated from the use of RC3.0 App and APEC Business's entitled share of income and revenue will be made by Regal Crown on a quarterly basis.

It is intended that the accounting treatment of the rights granted to the Company will be recognised as investment in a financial instrument under HKFRS 9 since the Company has acquired a contractual right to receive future income from the RC3.0 App.

Schedule of the launch of RC3.0 App

The expected completion date of the development and upgrade of the RC3.0 App is set out to be on or before 30 June 2024.

The expected date to commence income and revenue generation will set out immediately following the launch of the RC3.0 App, which is expected to be on or before 30 September 2024.

It is expected that Regal Crown will share to APEC Business on a monthly basis its income generated by the use of the RC3.0 App, and APEC Business's entitled share of income and revenue will be made payable by cheque on a quarterly basis.

Termination

Either APEC Business or Regal Crown shall be entitled to terminate the Collaboration Agreement by giving not less than one month's notice in writing with or without cause to the other party.

If either party chooses to terminate the Collaboration Agreement before the end of its term in accordance to the provisions of the Collaboration Agreement, APEC Business shall be entitled to the right to receive from Regal Crown an amount equal to the sum of HK\$15.0 million minus the aggregate income having received by APEC Business as generated from the use of RC3.0 App.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As mentioned in the Announcement, the Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

Pursuant to ongoing development strategies, the Directors believe that the Collaboration Agreement will act as one of the first steps for the Company in tapping into and capitalising from the commercial use of the growing AI-incorporated finance industry, the subsequent income would be enjoyed by the Company on a basis of 50:50 during the term and allow Shareholders to benefit from the potential positive impact in the value of the Shares as a whole.

Based on discussions with Regal Crown, the Directors further understood that the RC3.0 App Project will be led by an existing team of project managers and consultants in Regal Crown with at least 20 years of experience in IT system implantations and maintenance work, and have been personally involved from the start to launch of the RC2.0 App within a period of 24 months. With consideration that fintech is a trend which cannot be ignored, the Directors believe that achieving the necessary fintech product will be complementary to the Group's other financial service offerings which will differentiate the Group from other service providers. In view of the competitive edge to which the Group will gain access to at an early stage in the AI-incorporated finance industry, the Directors believe that the Group will benefit from the profitability as generated from the use of the RC3.0 App in the long run and would allow the Shareholders to benefit from the potential positive impact in the value of the Shares as a whole. The Directors also believe that the collaboration will create exposure to the Group's offering of licensed and non-licensed services and create other business opportunities with Regal Crown's existing and future customers.

Considering that (i) the sum of HK\$15.0 million will form the necessary technological cost and marketing cost required by Regal Crown for the commercialisation of the RC3.0 App Project; (ii) the profitability as generated from the use of the RC3.0 App during the full term of the Collaboration Agreement would allow the Shareholders to benefit from the potential positive impact in the value of the Shares as a whole; (iii) in the event of an early termination to the Collaboration Agreement, APEC Business shall be entitled to the right to receive a refundable sum payable by Regal Crown equal to the sum of HK\$15.0 million; (iv) the fintech product will be complementary to the Group's other financial service offerings which will differentiate the Group from other service providers; and (v) the collaboration between APEC Group and Regal Crown will create exposure to the Group's offering of licensed and non-licensed services and create other business opportunities with Regal Crown's existing and future customers, the Directors believe the terms of the Collaboration Agreement are fair and reasonable to achieve a return for the Company following the past commercialisation record of other associate software by Regal Crown, and the Collaboration Agreement to be in the interests of the Company and its Shareholders.

By Order of the Board
Hatcher Group Limited
Hui Ringo Wing Kun
Executive Director

Hong Kong, 18 July 2023

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun

Mr. Yeung Chun Yue David (*Vice Chairman*)

Independent Non-executive Directors:

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 7 days from the date of its publication and will be published on the Company’s website at www.hatcher-group.com.

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