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(incorporated in the Cayman Islands with limited liability)

(Stock code: 8371)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 30 June 2020 (after trading hours), Taste Gourmet China, a wholly owned subsidiary of the Company, entered into a JV Agreement with Shuanghui F&B for the formation of a JV Company.

Pursuant to the JV Agreement, the JV Company shall be, after its formation, owned as to 60% by Taste Gourmet China and 40% by Shuanghui F&B. The registered capital of the JV Company is RMB50 million. Taste Gourmet China will contribute a total of RMB30 million in cash and Shuanghui F&B will contribute a total of RMB20 million in cash.

Shuanghui F&B is a subsidiary of Shuanghui Development, a company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange (SZ: 000895). Shuanghui Development is a subsidiary of the WH Group, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00288).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the total commitments of the Company to the JV Company pursuant to the JV Agreement exceed(s) 5% but less than 25%, the entering of the JV Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

INTRODUCTION

The board is pleased to announce that on 30 June 2020 (after trading hours), Taste Gourmet China, a wholly owned subsidiary of the Company, entered into a JV Agreement with Shuanghui F&B for the formation of a JV Company. The JV Company will become a subsidiary of the Company after its formation.

Shuanghui F&B is a subsidiary of Shuanghui Development, a company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange (SZ: 000895). Shuanghui Development is a subsidiary of the WH Group, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00288).

THE JV AGREEMENT

The principal terms of the JV Agreement are summarized as follows:

Date:	30 June 2020 (after trading hours)
Parties:	(i) Taste Gourmet China (60%) (ii) Shuanghui F&B (40%)
Total registered capital of the JV Company:	RMB50 million
Capital contribution (Cash):	(i) Taste Gourmet China – RMB30 million (ii) Shuanghui F&B – RMB20 million
Location of JV Company:	Shanghai, PRC
Scope of business:	Principally engaged in the operation of restaurants in the PRC.
Board composition:	The board of the JV Company will consist of 5 directors. Taste Gourmet China is entitled to appoint 3 directors and Shuanghui F&B is entitled to appoint 2 directors.
Term of the JV Company	50 years
Rights of Shuanghui F&B	Shuanghui F&B has the rights to appoint its subsidiaries or related companies to supply food materials and provide logistic services at normal commercial market prices in the PRC. Such supply and related services will be connected transactions and will be subject to the requirements of Chapter 20 of the GEM Listing Rules.
Undertakings by the Group	(1) The Group has undertaken that all F&B related businesses in the PRC will be carried out by the JV Company and the Group shall not have any businesses in the PRC that will compete with the JV Company; and (2) With the exception of brands franchised by the Group, the JV Company has the right to use all brands owned by the Group free of charge.
Conditions precedent	The JV Agreement shall be effective upon the signing and satisfaction of the following: (i) Both parties' representation and warranties remaining true, accurate and complete and there has not been any events which would have material adverse effect to the Company and Taste Gourmet China; (ii) Obtain the approval from the respective board and/or shareholders (where applicable) and/or other internal departments in accordance with the respective articles of associations and the applicable laws and regulations; and

- (iii) Obtain the necessary approval from the relevant PRC authority for the establishment of the JV Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Shuanghui F&B, Shuanghui Development and the WH Group are independent third parties of the Company and not connected persons of the Company.

Other Matters

Both Taste Gourmet China and Shuanghui F&B have the right to terminate the JV Agreement if any one of the parties materially breaches the terms of the JV Agreement or any shareholders' agreement, and such breach(es) has/have not been rectified within 30 days from the date on which a written notification in regards of such breach(es) has been served.

The non-defaulting party may request the defaulting party to purchase the non-defaulting party's interests in the JV Company at an internal rate of return of 15% based on the initial contribution of the non-defaulting party, if no other terms have been agreed.

CONTINUING CONNECTED TRANSACTION AFTER THE FORMATION OF THE JV COMPANY

As mentioned above, any purchases of the Group from the WH Group, Shuanghui Development, their respective subsidiaries and associates (as defined under the GEM Listing Rules) will be continuing connected transactions under the GEM Listing Rules. The Group will comply with the requirements under chapter 20 of the GEM Listing Rules and such transaction may be subject to the reporting and announcement or shareholders' approval requirements where necessary.

INFORMATION ON SHUANGHUI F&B, SHUANGHUI DEVELOPMENT AND WH GROUP

Shuanghui F&B

With a registered capital of RMB100 million, Shuanghui F&B is a subsidiary of Shuanghui Development established in 2020 in the PRC for the purpose of investing in the F&B sector in the PRC.

Shuanghui Development (www.shuanghui.net)

Listed on the Shenzhen Stock Exchange, Shuanghui Development is the largest meat processing company in the PRC and is a subsidiary of the WH Group. Shuanghui Development currently owns and operates more than 30 meat processing plants in 18 provinces in the PRC that include hog production, hog slaughtering and the processing and distribution of packaged meats and fresh pork. For the year ended 31 December 2019, Shuanghui Development recorded revenue of approximately RMB60.3 billion and net profit of approximately RMB5.7 billion. Annual sales of meat related products amount to approximately 3 million tonnes.

WH Group (www.wh-group.com)

WH Group is the largest pork processing company in the world whose shares are listed on the Hong Kong Stock Exchange and a Hang Seng Index Composite company. In addition to Shuanghui Development being the largest meat processing company in the PRC, it also owns Smithfield Foods Inc, a global food company domiciled in the United States. For the year ended 31 December 2019, the WH Group recorded revenue of approximately US\$24.1 billion and net profit of approximately US\$1.7 billion. Annual sales of packaged meat products and fresh pork amount to approximately 3.5 million tonnes and 4.2 million tonnes, respectively. WH Group has sales to customers in more than 40 countries.

REASONS AND BENEFITS

The Board believes that the JV Agreement will open the door for the Group to expand outside Hong Kong. Shuanghui F&B is a strong partner that will provide the Group with (i) a steady and quality supply of food ingredients in the PRC; (ii) local knowledge in respect of the PRC; (iii) legal and financial advice such as recruitments, lease negotiations, accounting systems integration and so forth; and (iv) a nationwide logistic network that can achieve next-day delivery for any products within the PRC (except Xinjiang and Tibet).

To be headquartered in Shanghai, the JV Company will look for suitable locations for the opening of the Group's existing branded restaurants such as Nabe Urawa, Takano Ramen, Parkview, Rakuraku Ramen, and so forth. With the majority of the supply of food ingredients and related logistics taken care of by Shuanghui F&B, the Group will just need to focus on the other aspects of the restaurant operations in order to maintain the quality of the dishes as well as controlling costs. This will become critical to the success of the Group to expand in the PRC. With similarity between the Shanghai F&B sector and the Hong Kong F&B sector, the Board believes that we will be able to replicate our successful strategy from Hong Kong by opening restaurants in high footfall traffic shopping malls and creating a value-for-money dining experience.

The Board is of the view that the JV Agreement is in line with the business strategy of the Group and are on normal commercial terms, fair and reasonable and is in the best interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

INFORMATION ON THE COMPANY

The Group is a Hong Kong restaurant group serving a variety of cuisines, mainly Vietnamese, Chinese, Japanese and Western cuisines targeting mid-to-high-end customer segments. Since the opening of our first restaurant, Urawa Japanese restaurant, in December 2007, we have been expanding our restaurant network in Hong Kong through our multi-brand business model. Currently, we own and operate a total of 28 full service restaurants and two kiosks strategically located in first tier and/or premium shopping malls or on street levels in prime areas and business districts, covering Hong Kong Island, Kowloon and New Territories.

DEFINITIONS

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

“Board” or “Directors”	the board of directors of the Company
“Company”	Taste • Gourmet Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“connected person(s)”	have the meaning ascribed to it under the GEM Listing Rules
“F&B”	food and beverage
“GEM”	GEM of 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 PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third parties”	third party(ies) independent of and not connected with the Company and connected persons of the Company
“JV Agreement”	the joint venture agreement dated [] June 2020 entered into between Taste Gourmet China and Shuanghui F&B in relation to the formation of the JV Company
“JV Company”	a limited liability company to be formed under the JV Agreement and to be incorporated under the laws of the PRC
“Main Board”	Main Board of the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shuanghui Development”	Henan Shuanghui Investment and Development Company Limited (河南雙匯投資發展股份有限公司), a limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange
“Shuanghui F&B”	Shuanghui Food and Beverage Investment Management Company Limited (雙匯餐飲投資管理有限公司), a limited liability company incorporated in the PRC
“subsidiary(ies)”	have the meaning ascribed to it under the GEM Listing Rules

“Taste Gourmet China”	Taste Gourmet China Investment Limited, a limited liability company incorporated in Hong Kong
“United States”	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States Dollars, the lawful currency of the United States of America
“WH Group”	WH Group Limited (萬洲國際有限公司), a limited liability company incorporated in the Cayman Islands whose shares are listed on the Main board of the Hong Kong Stock Exchange
“%”	per cent

By Order of the Board
WONG Ngai Shan
Chairman and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the Board comprises:

Executive Directors:

WONG Ngai Shan (*Chairman*)
 CHAN Wai Chun (*Chief Executive Officer*)

Independent Non-executive Directors:

CHAN Yuen Ting
 TSANG Siu Chun
 WANG Chin Mong

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 websites at www.hkexnews.hk and 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.tastegourmet.com.hk.