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ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE GTM FRAMEWORK AGREEMENT
AND THE GTS FRAMEWORK AGREEMENT**

Financial adviser to the Company

FRONTPAGE 富比

On 3 May 2022, the Company entered into the GTM Framework Agreement and the GTS Framework Agreement to renew the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, respectively.

As at the date of this announcement, GT Material and GT Scaffolding are wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director; and the aunt of Mr. Wang Yu Hin, an executive Director. Both GT Material and GT Scaffolding are therefore connected persons of the Company and the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the GTM Framework Agreement and the GTS Framework Agreement exceeds 5%, the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to their relationship with Ms. Ann Wang, both Mr. Wang Kei Ming and Mr. Wang Yu Hin are being regarded as having a material interest in the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement, and have abstained from voting on the relevant resolutions of the Board for approving the GTM Framework Agreement and the GTS Framework Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Wang Kei Ming and Mr. Wang Yu Hin, none of the Directors has any material interest in the GTM Framework Agreement and the GTS Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

An extraordinary general meeting will be convened and held for, among other things, the Independent Shareholders to consider and, if thought fit, to approve the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder. A circular containing, among other things (i) further details of the GTM Framework Agreement and the GTS Framework Agreement; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of extraordinary general meeting, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

Reference is made to the announcement of the Company dated 27 March 2019 in respect of, among other matters, the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, each of which has a term until 31 March 2022. The Group has entered into the GTM Framework Agreement and the GTS Framework Agreement to renew the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, respectively, details of which are set out in this announcement.

GTM FRAMEWORK AGREEMENT

On 3 May 2022, the Company entered into the GTM Framework Agreement with GT Material, pursuant to which GT Material agreed to provide and transport construction materials for the Group from time to time upon the Company's request from 3 May 2022 to 31 March 2025.

Set out below is a summary of the principal terms of the GTM Framework Agreement:

Date	:	3 May 2022
Parties	:	(i) The Company (ii) GT Material
Subject	:	Pursuant to the GTM Framework Agreement, GT Material agreed to provide and transport construction materials, including timber materials for the Group
Term	:	The GTM Framework Agreement has a fixed term from 3 May 2022 to 31 March 2025 (both days inclusive)

Pricing policy

The price payable for the construction materials and transport services under the GTM Framework Agreement by the Group to GT Material shall be determined after arm's length negotiation. In order to ensure that the prices are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from providers who supply similar products or services and are third parties independent to the Company and its connected persons, not less frequently than on a quarterly basis or for each project. Such quotations are compared against the quotations from GT Material and GT Material's quotations are only accepted if they are favourable to the Group.

Historical figures, existing annual caps and proposed annual caps

The table below sets out the historical figures and the existing annual caps under the 2019 GTM Framework Agreement and the proposal annual caps under the GTM Framework Agreement:

For the year ended 31 March				For the eleven months ended	For the year ended	For the year ending 31 March		
2020	2020	2021	2021	28 February 2022	31 March 2022	2023	2024	2025
Historical amounts	Existing annual cap	Historical amounts	Existing annual cap	Historical amounts	Existing annual cap	Proposed annual cap	Proposed annual cap	Proposed annual cap
(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
<u>7,984</u>	<u>8,000</u>	<u>8,336</u>	<u>8,400</u>	<u>5,488</u>	<u>8,400</u>	<u>17,500</u>	<u>17,500</u>	<u>17,000</u>

Basis of annual caps

For the years ended 31 March 2020 and 2021 and the eleven months ended 28 February 2022, the aggregate amount payable by the Group to GT Material amounted to approximately HK\$7,984,000, HK\$8,336,000 and HK\$5,488,000, respectively.

The proposed annual caps for the GTM Framework Agreement have been determined after taking into consideration (i) the historical amounts of timber materials and transport services requested from GT Material; (ii) the expected range of fluctuation of prices of timber materials, transportation charges and rental of equipment and vehicles; and (iii) the Group's demand for timber materials and transport services for its construction projects in the future. In particular, the Group has estimated the annual cap for the year ending 31 March 2023 with reference to (i) the remaining contract amounts of the projects on hand, which are expected to consume timber materials of approximately HK\$7,206,000; (ii) new projects expected to be awarded to the Group which are in the final stages of negotiations and the new tenders submitted for potential new projects, which are expected to required additional timber materials of approximately HK\$3,294,000; and (iii) the transportation charges and rental of equipment and vehicles with the surging fuel costs for existing and potential new projects of approximately HK\$7,000,000. As the Group expects that the expected future project size and quantity will remain relatively stable for the next three years, the Group has maintained a similar level of the proposed annual caps for the GTM Framework Agreement for the two financial years ending 31 March 2025 subsequent to the year ending 31 March 2023.

Reasons for and benefits of the transaction

The Group is principally engaged in formwork erection as well as related ancillary services. Timber formwork is one of the types of formwork which the Group commonly provides erection services. The major materials required for erection of timber formwork include timber panel, wooden beams and walings as well as tie bolts. As the Group is currently engaged in projects related to the Third Runway System, the Group has requested GT Material to deliver construction materials to relatively remote construction sites.

The Group has good and long standing relationship with GT Material and the Group has purchased construction materials from GT Material since 2003. Construction materials purchased from GT Material are used to build timber formwork and GT Material has in the past provided tailor-made services according to the Group's product specifications. The Directors confirm that the quality and delivery of construction materials from GT Material has satisfied the Group's requirements. The GTM Framework Agreement offers no exclusive rights to GT Material and the Group has the liberty to source any materials or services that may be supplied by any other suppliers. The Group maintains a list of qualified suppliers which the Group acquires construction materials or services from. As the Group also selects other independent suppliers from time to time, the Directors are of the view that it will be in the interest of the Group to continue such transactions with GT Material to diversify its supplier base so as to obtain stable supply of materials or services.

Taking into consideration of the above, the Directors (excluding all the independent non-executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTM Framework Agreement and its proposed annual caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GTS FRAMEWORK AGREEMENT

On 3 May 2022, the Company entered into the GTS Framework Agreement with GT Scaffolding, pursuant to which GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon the Company's request from 3 May 2022 to 31 March 2025.

Set out below is a summary of the principal terms of the GTS Framework Agreement:

Date	:	3 May 2022
Parties	:	(i) The Company (ii) GT Scaffolding
Subject	:	Pursuant to the GTS Framework Agreement, GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group
Term	:	The GTS Framework Agreement has a fixed term from 3 May 2022 to 31 March 2025 (both days inclusive)

Pricing policy

For rental of metal scaffolds, supporting equipment, technical support and transport services, the price payable under the GTS Framework Agreement by the Group to GT Scaffolding shall be determined based on the amount of metal scaffolds required, the period of the project that is expected to last, and the complexity of the project involved. In order to ensure that the fees are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from similar scaffolding providers, who are third parties independent of the Company and its connected persons for each project.

In obtaining quotations for a construction project of the Group, the Group should estimate the required volume of metal scaffolds such that when seeking quotations from independent vendors, the quoted price for scaffold rental (after deducting any bulk purchase discount) may be obtained for comparison with the quotations obtained from GT Scaffolding. The Group will only accept GT Scaffolding's quotations if they are favourable to the Group.

Historical figures, existing annual caps and proposed annual caps

The table below sets out the historical figures and the existing annual caps under the 2019 GTS Framework Agreement and the proposed annual caps under the GTS Framework Agreement:

For the year ended 31 March				For the eleven months ended	For the year ended	For the year ending 31 March		
2020	2020	2021	2021	28 February 2022	31 March 2022	2023	2024	2025
Historical amounts (HK\$'000)	Existing annual cap (HK\$'000)	Historical amounts (HK\$'000)	Existing annual cap (HK\$'000)	Historical amounts (HK\$'000)	Existing annual cap (HK\$'000)	Proposed annual cap (HK\$'000)	Proposed annual cap (HK\$'000)	Proposed annual cap (HK\$'000)
				(unaudited)				
<u>19,892</u>	<u>23,000</u>	<u>24,520</u>	<u>25,000</u>	<u>12,504</u>	<u>26,000</u>	<u>37,000</u>	<u>40,000</u>	<u>40,000</u>

Basis of annual caps

For the years ended 31 March 2020 and 2021, and the eleven months ended 28 February 2022, the aggregate amount payable by the Group to GT Scaffolding amounted to approximately HK\$19,892,000, HK\$24,520,000 and HK\$12,504,000, respectively. Under the several waves of outbreak of the novel coronavirus (COVID-19) in Hong Kong, the progress of multiple construction sites of the Group were negatively affected, and hence the amounts of metal scaffold and relevant services requested from GT Scaffolding was relatively low during the eleven months ended 28 February 2022 but the Company expects that such services will be eventually required when the progress of the relevant construction sites picks up.

The proposed annual caps for rental of metal scaffolds, supporting equipment, technical support and transport services for the three years ending 31 March 2025 are determined with reference to (i) demand for metal scaffolds from existing projects; (ii) demand for metal scaffolds from forecast of new projects expected to be undertaken by the Group based on the tenders submitted and expected future demand of the construction industry; (iii) historical transaction amount between the Group and GT Scaffolding; and (iv) expected fluctuation of prices as well as inflation. In determining the annual caps for the year ending 31 March 2023, the Group has referenced (i) the remaining contract amounts of existing projects, which required the rental of metal scaffolds and relevant services of approximately HK\$24,667,000; and (ii) new projects expected to be undertaken by the Group based on the tenders submitted, which are expected to contribute an additional HK\$12,333,000. As the Group expects that the expected future project size and quantity will remain relatively stable for the next three years, the Group has maintained a similar level of the proposed annual caps for the GTS Framework Agreement for the subsequent two financial years ending 31 March 2025 subsequent to the year ending 31 March 2023.

Reasons for and benefits of the transaction

Metal scaffolds are commonly used in the Group's falsework design for the erection of formwork. Aside for erection of formwork, metal scaffolding are usually assembled for other construction activities at height either by the Group's own labours or subcontractors. By renting the metal scaffolds and related equipment from GT Scaffolding, the Group does not need to maintain a large volume of inventory, which is costly to acquire, repair and store.

The Group has established the business relationship with GT Scaffolding since 2014. Having considered (i) the GT Scaffolding's expertise in providing and assembling metal scaffolds; (ii) the knowledge of the properties, loading capacities and correct assembly methods for the metal scaffolds it provides; (iii) job references from assembling large scale and complex metal scaffolding falsework; and (iv) the more favourable prices generally offered by GT Scaffolding as compared with other independent third parties due to good and long standing relationship with GT Scaffolding, the Directors are of the view that it is in the best interest of the Group to include GT Scaffolding in the qualified list of vendors and renew the transactions for the provision of rental of metal scaffolds, supporting equipment, technical support and transport services from GT Scaffolding.

Taking into consideration the above, the Directors (excluding all the independent non-executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTS Framework Agreement and its proposed annual caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Company, through its subsidiaries, is a major subcontractor specialising in providing formwork erection as well as related ancillary services in Hong Kong.

Information on GT Material

GT Material is a limited liability company incorporated in Hong Kong and is wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming and the aunt of Mr. Wang Yu Hin. GT Material is principally engaged in trading of construction materials in Hong Kong.

Information on GT Scaffolding

GT Scaffolding is a limited liability company incorporated in Hong Kong and is wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming and the aunt of Mr. Wang Yu Hin. GT Scaffolding is principally engaged in the letting and assembling of metal scaffolding.

LISTING RULES IMPLICATIONS

GT Material and GT Scaffolding are wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director; and the aunt of Mr. Wang Yu Hin, an executive Director. Both GT Material and GT Scaffolding are therefore connected persons of the Company and the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the GTM Framework Agreement and the GTS Framework Agreement exceeds 5%, the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Wang Kei Ming, the chairman of the Board and an executive Director, and Mr. Wang Yu Hin, an executive Director, is being regarded as having a material interest in the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the GTM Framework Agreement and the GTS Framework Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Wang Kei Ming and Mr. Wang Yu Hin, none of the Directors has any material interest in the GTM Framework Agreement and the GTS Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

The connected persons and their associates who has a material interest in the GTM Framework Agreement and the GTS Framework Agreement will be required to abstain from voting on the relevant resolutions at the extraordinary general meeting to be held by the Company.

GENERAL

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on the terms of the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder. The Company has appointed an Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder.

An extraordinary general meeting will be convened for the Independent shareholders to consider and, if thought fit, to approve the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder. A circular containing, among other things (i) further details of the GTM Framework Agreement and the GTS Framework Agreement and their respective proposed annual caps; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of extraordinary general meeting, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

DEFINITIONS

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

“2019 GTM Framework Agreement”	the agreement entered into between the Company and GT Material on 27 March 2019 for a term ending 31 March 2022, pursuant to which GT Material agreed to provide construction materials to the Group from time to time upon its request
“2019 GTS Framework Agreement”	the agreement entered into between the Company and GT Scaffolding on 27 March 2019 for a term ending 31 March 2022, pursuant to which GT Scaffolding has agreed to provide (i) rental of metal scaffolds, supporting equipment, technical support and transport services; and (ii) metal scaffold assembly services to the Group from time to time upon its requests

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Royal Deluxe Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 12 April 2016, registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 17 May 2016, whose shares are listed on the Stock Exchange (Stock Code: 3789)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“GTM Framework Agreement”	the agreement entered into between the Company and GT Material on 3 May 2022 for a term ending 31 March 2025, pursuant to which GT Material has agreed to provide and transport construction materials for the Group from time to time upon its requests
“GTS Framework Agreement”	the agreement entered into between the Company and GT Scaffolding on 3 May 2022 for a term ending 31 March 2025, pursuant to which GT Scaffolding has agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon its requests
“GT Material”	Genuine Treasure Construction Material Limited (俊川建築材料有限公司), a company incorporated in Hong Kong on 10 March 2000 with limited liability and is wholly-owned by Ms. Ann Wang

“GT Scaffolding”	Genuine Treasure Access and Scaffolding Limited (俊川棚架設備有限公司), a company incorporated in Hong Kong on 20 December 2013 with limited liability and is wholly-owned by Ms. Ann Wang
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the GTM Framework Agreement and the GTS Framework Agreement
“Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the extraordinary general meeting pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Ann Wang”	Ms. Wang Mung Nien Ann (王孟霓), the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director; and the aunt of Mr. Wang Yu Hin, an executive Director
“Shareholder(s)”	holder(s) of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Royal Deluxe Holdings Limited
Wang Kei Ming
Chairman and Executive Director

Hong Kong, 3 May 2022

As at the date of this announcement, the Board comprises Mr. Wang Kei Ming and Mr. Wang Yu Hin as executive Directors; and Mr. Kwong Ping Man, Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng as independent non-executive Directors.