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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 TENANCY AGREEMENT**

#### **THE TENANCY AGREEMENT**

The Board announces that on 1 August 2022 (after trading hours), Kingdom Star (as the tenant), being a wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with Siu On Realty Company Limited (as the landlord) in respect of the Premises for a term of three years commencing from 1 August 2022 to 31 July 2025 (both days inclusive) with option to renew for a further term of three years for operating a restaurant under the trade name of “*Du Hsiao Yueh Restaurant (度小月)*” serving Taiwanese cuisine.

#### **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 1 August 2022 (after trading hours), Kingdom Star (as the tenant), being a wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with Siu On Realty Company Limited (as the landlord) in respect of the Premises for a term of three years commencing from 1 August 2022 to 31 July 2025 (both

days inclusive) with option to renew for a further term of three years for operating a restaurant under the trade name of “*Du Hsiao Yueh Restaurant (度小月)*” serving Taiwanese cuisine.

## **THE TENANCY AGREEMENT**

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

Date: 1 August 2022

Parties: (i) Siu On Realty Company Limited as the landlord; and  
(ii) Kingdom Star Investment 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 owners are Independent Third Parties.

Subject matter: The leasing of the Premises

Premises: Shops 4–6, G/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong

Use: Operating a restaurant under the trade name of “*Du Hsiao Yueh Restaurant (度小月)*”

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

Monthly rental: (a) HK\$160,000 for the period from 1 August 2022 to 31 July 2023 (both days inclusive)  
(b) HK\$170,000 for the period from 1 August 2023 to 31 July 2025 (both days inclusive)  
(c) (if the option to renew is exercised) at the opening prevailing market rent being, in any event, not less than HK\$170,000 but not more than HK\$195,500

The monthly rental is exclusive of government rates and rents and services charges, and is payable to the Landlord in advance on the 1st day of each month.

Rent-free period:	For the period from 1 August 2022 to 30 September 2022 (both days inclusive)
Deposit:	HK\$551,121, comprising (i) rental deposit of HK\$510,000; (ii) rates deposit of HK\$29,250; and (iii) service charges deposit of HK\$11,871. Of which, HK\$521,121 is payable upon the signing of the Tenancy Agreement, and the remaining HK\$30,000 shall be payable on or before 31 July 2023.
Monthly service charges:	HK\$3,957 (inclusive of management fee, air-conditioning fee and cleaning fee), subject to review
Stamp duty:	The stamp duty shall be shared equally between the Landlord and the Tenant.

The total aggregate value of rental payable under the Tenancy Agreement will not be more than approximately HK\$12.7 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 service charges) under the 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\$5.1 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 7.29% per annum is applied to compute the present value of aggregate lease payments under the terms of the Tenancy Agreement.

## **REASONS FOR AND THE BENEFITS OF ENTERING THE LEASE**

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. Currently, the Group is operating one of its “*Du Hsiao Yueh Restaurant (度小月)*” restaurants at a shop situated at the Times Square in Causeway Bay (the “**Times Square Shop**”).

The Directors entered into the Tenancy Agreement with a view to relocate the Time Square Shop to the Premises, having considered (i) the lease of the Times Square Shop will expire in September 2022; (ii) the Premises is also located in Causeway Bay which is a prime location in Hong Kong; and (iii) the terms (including monthly rental and service charges) of the Tenancy Agreement as compared with that for the Times Square 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 Tenancy Agreement are fair and reasonable, and the entering into of the Tenancy Agreement for relocating the Times Square Shop 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 “*Du Hsiao Yueh Restaurant (度小月)*” serving Taiwanese cuisine.

### **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 investment and development with a strategic focus on prime properties in Hong Kong and Mainland China.

## **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
“Kingdom Star”/“Tenant”	Kingdom Star Investment Limited (廣星投資有限公司), a limited liability company incorporated in Hong Kong and being a wholly-owned subsidiary of the Company
“Landlord”	Siu On Realty Company Limited (兆安地產有限公司), 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

“Premises”	The premises situated at Shops 4–6, G/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong, with gross floor area of approximately 1,832 square feet
“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 1 August 2022 entered into between the Tenant and the Landlord in respect of the Premises
“%”	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, 1 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.*

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