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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)

SHARE TRANSACTION

PROPOSED SUBSCRIPTION OF NEW SHARES OF RC365 HOLDING PLC INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 13 February 2023 (after trading hours), the Company as subscriber entered into the Subscription Agreement with RC365 as issuer, pursuant to which the Company has conditionally agreed to subscribe for, and RC365 has conditionally agreed to issue and allot, an aggregate of 18,000,000 RC365 Subscription Shares at the RC365 Subscription Price of GBP 0.20 (equivalent to approximately HK\$1.93) per RC365 Subscription Share for a total consideration of GBP 3,600,000 (equivalent to approximately HK\$34,800,000). Completion of the Subscription is subject to the fulfilment of the conditions referred to in the paragraph headed “**Conditions Precedent**” of this announcement.

The Consideration shall be settled in kind by the Company by way of the issue and allotment of an aggregate of 38,640,000 Consideration Shares at the issue price of HK\$0.90 per Consideration Share to RC365 upon Completion.

The 38,640,000 Consideration Shares represents approximately 4.53% of the issued share capital of the Company as at the date of this announcement and approximately 4.33% of the issued share capital of the Company as enlarged by the Consideration Shares immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Consideration Shares) between the date of this announcement and the date of Completion. The aggregate nominal value of the Consideration Shares will be HK\$386,400.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders.

IMPLICATIONS UNDER THE GEM LISTING RULES

All the applicable percentage ratios (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the RC365 Subscription are less than 5%. However, as the Consideration will be satisfied in kind by issue and allotment of the Consideration Shares, the RC365 Subscription constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the RC365 Subscription is subject to fulfilment of the conditions referred to in the paragraph headed “Conditions Precedent” of this announcement. As the RC365 Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The principal terms of the Subscription Agreement are set out as follows:

THE SUBSCRIPTION AGREEMENT

Date

13 February 2023 (after trading hours)

Parties

(1) the Company; and

(2) RC365 Holding Plc

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of RC365 and its associates are Independent Third Parties.

RC365 Subscription

Pursuant to the Subscription Agreement, the Company has agreed to subscribe for and RC365 has agreed to allot and issue to the Company (or its nominee) 18,000,000 RC365 Subscription Shares at the RC365 Subscription Price of GBP 0.20 (equivalent to approximately HK\$1.93) per RC365 Subscription Share, which will be settled by allotment and issue of 38,640,000 Consideration Shares at the issue price of HK\$0.90 per Consideration Share to RC365 (or its nominee).

The 18,000,000 RC365 Subscription Shares represent approximately 16.74% of the existing issued share capital of RC365 as at the date of this announcement and approximately 14.34% of the issued share capital of RC365 as enlarged by the issue and allotment of the RC365 Subscription Shares as a result of the RC365 Subscription on the assumption that there will be no other changes in the share capital of RC365 save and except for the RC365 Subscription.

As at the date of this announcement, the Company and its subsidiaries do not hold any RC365 Shares in the issued share capital of RC365. Immediately after Completion, the Company will hold an aggregate of 18,000,000 RC365 Shares in the enlarged issued share capital of RC365, representing approximately 14.34% of the enlarged issued share capital of RC365 as a result of the RC365 Subscription.

The aggregate nominal value of the 18,000,000 RC365 Subscription Shares is GBP 180,000 (equivalent to approximately HK\$1,738,800). The RC365 Subscription Shares, when allotted and issued, shall rank pari passu in all respect among themselves and with other RC365 Shares in issue as at the date of Completion.

RC365 Subscription Price

The RC365 Subscription Price of GBP 0.20 (equivalent to approximately HK\$1.93) per RC365 Subscription Share represents:

- (i) A premium of approximately 5.26% to the closing price of GBP 0.19 (equivalent to approximately HK\$1.84) per RC365 Share as quoted on the London Stock Exchange on 13 February 2023, being the date of the Subscription Agreement; and
- (ii) A premium of approximately 5.26% to the closing price of GBP 0.19 (equivalent to approximately HK\$1.84) per RC365 Share as quoted on the London Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

The RC365 Subscription Price was determined after arm's length negotiations between the Company and RC365 by reference to the recent trading performance of RC365 Shares and the market conditions.

Consideration

The total Consideration for the Subscription shall be GBP 3,600,000 (equivalent to approximately HK\$34,800,000), which shall be settled in kind by way of issue and allotment of 38,640,000 Consideration Shares to RC365 (or its nominee) upon Completion or any other dates as the Company and RC365 may otherwise agree in writing.

Consideration Shares

The Consideration Shares shall be issued and allotted pursuant to the General Mandate, credited as fully paid, and shall rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment, including the right to receive all dividends and distributions which may be declared, made or paid after the Completion and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

The issue and allotment of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

An aggregate of 38,640,000 Consideration Shares will be allotted and issued to RC365, which represent approximately 4.53% of the issued share capital of the Company as at the date of this announcement and approximately 4.33% of the issued share capital of the Company as enlarged by the Consideration Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Consideration Shares) between the date of this announcement and the date of Completion. The aggregate nominal value of the Consideration Shares will be HK\$386,400. The issue price of each Consideration Share is HK\$0.90, which represents:

- (i) A discount of approximately 9.09% from HK\$0.99 per Share as quoted on the Hong Kong Stock Exchange on 13 February 2023, being the date of the Subscription Agreement; and
- (ii) A discount of approximately 8.16% from the average closing price of HK\$0.98 per Share as quoted on the Hong Kong Stock Exchange for the five (5) trading days immediately prior to the date of the Subscription Agreement.

Conditions Precedent

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) The London Stock Exchange having granted the listing of, and permission to deal in, the RC365 Subscription Shares and such approval has not been revoked prior to Completion in compliance with the UK Listing Rules;
- (ii) The Financial Conduct Authority (FCA) having granted approval of the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion in compliance with the UK Listing Rules;
- (iii) The Hong Kong Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (iv) The necessary consents and approvals in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (v) The representation and warranties of RC365 remaining true and accurate in all material respects and are not misleading as at the date of the Subscription Agreement and the date of Completion.

The parties to the Subscription Agreement may waive any conditions (except the conditions as referred to in (i) to (iii) above). If the above conditions are not fulfilled or waived (as the case may be) on or before 30 April 2023 (or such other date as the parties may agree in writing), the Subscription Agreement will be automatically terminated and lapsed and none of the parties shall have any claim against the other in respect of the RC365 Subscription, save for any antecedent breaches thereof.

Completion

Completion of the Subscription Agreement will take place within ten (10) Business Days after the date of fulfilment of the conditions referred to above or such other date as agreed in writing by the parties.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, on the assumption that there will be no change in the share capital of the Company from the date of this announcement until Completion, the changes of the shareholding structure of the Company as a result of the RC365 Subscription as follows:

Substantial Shareholders and Directors	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approx.% of shareholding	Number of Shares	Approx.% of shareholding
Mr. Li Man Keung Edwin <i>(Note 1)</i>	159,970,000	18.75%	159,970,000	17.93%
Great Win Global Limited <i>(Note 2)</i>	33,000,000	3.87%	33,000,000	3.70%
Bright Music Limited <i>(Note 3)</i>	17,500,000	2.05%	17,500,000	1.96%
RC365 Holding Plc	-	-	38,640,000	4.33%
Other public Shareholders	<u>642,874,000</u>	<u>75.34%</u>	<u>642,874,000</u>	<u>72.07%</u>
Total	<u>853,344,000</u>	<u>100.00%</u>	<u>891,984,000</u>	<u>100.00%</u>

Notes:

- (1) 113,730,000 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin also directly holds 46,240,000 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 159,970,000 Shares.
- (2) 33,000,000 Shares are held by Great Win Global Limited, which is wholly owned by Mr. Yeung Chun Yue David, an executive Director.
- (3) 17,500,000 Shares are held by Bright Music Limited, which is wholly owned by Mr. Hui Ringo Wing Kun, an executive Director.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in (i) licensed business on the provision of corporate finance advisory services, placing and underwriting services, and asset management services; and (ii) non-licensed business on the provision of environmental, social and governance advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong.

INFORMATION ON RC365

RC365 is a company established in England and Wales with limited liability of which its issued shares are listed and traded on the London Stock Exchange (Symbol: RCGH.L).

RC365 operates as a fintech solutions service provider through the provision of IT support and security services and payment gateway solutions (online and offline basis) to customers in Hong Kong and the PRC. The IT support and security services segment provides IT technical support services, cyber security consultation services, and portal support services to its clients. The payment gateway solutions segment offers secure payment gateway service to facilitate the banking needs of the Asian community for cross-border payment services.

Set out below is the financial information of RC365:

	For the year ended 31 March 2021	For the year ended 31 March 2022	For the six months ended 30 September 2022
	HK\$ (Audited)	HK\$ (Audited)	HK\$ (Unaudited)
Revenue	7,363,061	8,069,000	7,924,000
Profit/(loss) before taxation	1,483,825	(3,897,416)	(2,990,446)
Profit/(loss) for the year/period	1,483,825	(3,897,416)	(2,990,446)
Net asset value	4,910,896	19,005,306	15,530,698

The audited and unaudited net asset value of RC365 as at 31 March 2022 and 30 September 2022 amounted to approximately HK\$19,005,306 and HK\$15,530,698 respectively.

REASONS FOR THE RC365 SUBSCRIPTION

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.

With a view to promote the possible strategic business cooperation between the Group and RC365's businesses, on 13 February 2023 (after trading hours), the Company and RC365 entered into a non-legally binding memorandum of understanding (the "Cooperation MOU") for the strategic cooperation in the development of potential fintech-based solutions.

The parties to the Cooperation MOU agreed to utilise their respective resources, expertise and

experience to explore possible cooperation with each other, and it is intended that such cooperation will consist of the potential commercial development of smart algorithm technology in the provision of intuitive investment recommendations for the asset management sector, subject to the terms and conditions of formal agreement(s) to be entered into. With consideration of the expanding capabilities of the existing data collection platform made available by RC365, the Directors believe that the cooperation will enable the Group to complement and enhance its capacity in serving current clients and attracting new clients from different industries. The Directors also consider that the mutual reliance will allow the Group and RC365 to utilise their respective edges to develop its business cooperation and maximise returns for the respective shareholders of the Company and RC365.

The entering into of the Subscription Agreement will allow the Company and RC365 to form a strategic alliance with a shareholding stake in each other and will allow the Group and RC365 to share its experience and expertise in their respective industry. As such, the Company considers that there is a growth potential in RC365 Shares. The RC365 Subscription represents an investment opportunity of the Company to invest in RC365 without cash outflow and will enhance the cooperation between the Company and RC365.

As the RC365 Shares are listed on the London Stock Exchange, the Group will be able to realise the investment in RC365 in the open market, which represents an efficient mean for the realization of the investment in the RC365 Subscription Shares.

As the consideration for the RC365 Subscription Shares will be settled by way of issue and allotment of Consideration Shares, there will be no cash outflow on the part of the Company. It is expected that the RC365 Subscription will not have any significant impact on the revenue and profits of the Group. While the total assets and the net assets of the Group will increase as a result of the RC365 Subscription and the existing Shareholders' shareholdings will be diluted as a result of the RC365 Subscription, it is expected that there will be no material adverse impact on the business operations of the Group. The Directors are of the view that the future prospects of the Group will not be affected by the RC365 Subscription.

Having considered the above, the Directors consider the RC365 Subscription to be in line with the overall business direction and strategies of the Group. The Group shall continue to look for business opportunities and collaborations so as to further strengthen its existing business and broadening its business network.

The Directors consider that the terms and conditions of the RC365 Subscription are fair and reasonable and are on normal commercial terms and the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER GEM LISTING RULES

All the applicable percentage ratios (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the RC365 Subscription are less than 5%. However, as the Consideration will be satisfied by the issue and allotment of the Consideration Shares, the RC365 Subscription constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the RC365 Subscription is subject to fulfilment of the conditions referred to in the paragraph headed "Conditions Precedent" of this announcement. As the RC365 Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong
“Company”	Hatcher Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Hong Kong Stock Exchange (stock code: 8365)
“Completion”	the completion of the Subscription Agreement
“connected person”	has the meaning set out in the GEM Listing Rules
“Consideration”	the total consideration in the sum of GBP 3,600,000 (equivalent to approximately HK\$34,800,000) to be settled by way of the issue and allotment of the Consideration Shares at the Consideration Share Price
“Consideration Shares”	an aggregate of 38,640,000 new Shares to be issued and allotted by the Company to RC365 pursuant to the terms and conditions of the Subscription Agreement
“Consideration Share Price”	HK\$0.90 per Consideration Share
“Director(s)”	the director(s) of the Company
“FCA”	Financial Conduct Authority of the United Kingdom
“GEM Listing Committee”	the GEM Listing Committee of the Hong Kong Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 10 February 2023
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“London Stock Exchange”	The stock exchange of London Stock Exchange plc
“PRC”	The People’s Republic of China

“RC365”	RC365 Holding Plc (Symbol: RCGH.L), a company incorporated in England and Wales with limited liability and the shares of which are listed on the London Stock Exchange
“RC365 Share(s)”	the ordinary share(s) of RC365 of GBP 0.01 each
“RC365 Subscription”	the subscription of the RC365 Shares by the Company or its nominee pursuant to the terms and conditions of the Subscription Agreement
“RC365 Subscription Price”	the subscription price of GBP 0.20 (equivalent to approximately HK\$1.93) per RC365 Subscription Share
“RC365 Subscription Shares”	the 18,000,000 RC365 Shares to be allotted and issued by RC365 to the Company or its nominee pursuant to the RC365 Subscription
“Shareholder(s)”	holders(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Subscription Agreement”	the conditional agreement dated 13 February 2023 and entered into between the Company and RC365 in respect of the RC365 Subscription
“UK Listing Rules”	the listing rules of the Financial Conduct Authority of the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“%”	per cent.

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

Hong Kong, 14 February 2023

As at the date of this announcement, the Directors 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

For the purpose of illustration only and unless otherwise stated, conversion of GBP into HK\$ in this announcement is based on the exchange rate of GBP1.00 to HK\$9.66. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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.

** for identification purpose only*