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TASTE • GOURMET
GROUP LIMITED
嗜 • 高美集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8371)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Manager

SUNWAH KINGSWAY
新華滙富

THE TOP-UP PLACING AND THE SUBSCRIPTION

On 3 November 2020 (after trading hours), the Company, the Seller and the Manager entered into the Top-up Placing and Subscription Agreement, pursuant to which, (a) the Seller agreed to appoint the Manager, and the Manager agreed to act as agent of the Seller to procure not less than six (6) Placees, on a best effort basis, to purchase a total of 7,200,000 existing Shares at the Purchase Price; and (b) the Seller conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Seller, a total of 7,200,000 new Shares at the Subscription Price (being the same as the Purchase Price) (the “**Top-up Placing and Subscription**”), in each case upon the terms and subject to the conditions set out in the Top-up Placing and Subscription Agreement.

The Sale Shares represent: (a) approximately 1.90% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 1.86% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to completion of the Subscription other than the allotment and issue of the Subscription Shares).

The Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorized to issue up to 75,946,400 new Shares. As at the date of this announcement, 75,946,400 new Shares remain available for issuance under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders.

An application will be made to the Listing Committee for granting approval for the listing of, and permission to deal in, the Subscription Shares.

As a result of the Placing, the aggregate percentage shareholding of the Seller will be reduced from approximately 65.92% to approximately 64.02% and as a result of the Subscription, aggregate percentage shareholding of the Seller will be increased from approximately 64.02% to approximately 64.69%.

THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT

On 3 November 2020 (after trading hours), the Company, the Seller and the Manager entered into the Top-up Placing and Subscription Agreement, pursuant to which, (a) the Seller agreed to appoint the Manager, and the Manager agreed to act as agent of the Seller to procure not less than six (6) Placees, on a best effort basis, to purchase a total of 7,200,000 existing Shares at the Purchase Price; and (b) the Seller conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Seller, a total of 7,200,000 new Shares at the Subscription Price (being the same as the Purchase Price), in each case upon the terms and subject to the conditions set out in the Top-up Placing and Subscription Agreement.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Manager is independent of, and not connected with, the Company and the connected persons of the Company.

Details of the Placing and the Subscription are set out below.

THE PLACING

Number of Sale Shares

The Seller agreed to appoint the Manager, and the Manager agreed to act as agent of the Seller to procure not less than six (6) Placees, on a best effort basis, to purchase a total of 7,200,000 existing Shares at the Purchase Price, upon the terms and subject to the conditions set out in the Top-up Placing and Subscription Agreement.

The Sale Shares represent: (a) approximately 1.90% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 1.86% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to completion of the Subscription other than the allotment and issue of the Subscription Shares).

Rights of the Sale Shares

The Sale Shares will be sold free from all liens, charges, encumbrances and other third party rights and together with all rights attaching to them as of the date of the Top-up Placing and Subscription Agreement, including the right to receive all dividends and distribution declared, made or paid after the date of closing of the Placing. The Sale Shares rank pari passu in all respects with the other existing Shares.

Placees

The choice of Placees for the Sale Shares shall be determined solely by the Manager, subject to the requirements of the Listing Rules, and in particular, the Manager shall use their reasonable endeavours, based on information available to the Manager whether publicly available or not, information provided by the Company, representation and warranties provided by the Company and the Seller under the Top-up Placing and Subscription Agreement, and confirmations from the Placees, to ensure that each of the Placees, and their respective beneficial owners, (i) is not a connected person of the Company and is independent of and not connected with any connected persons of the Company; and (ii) will not become a substantial shareholder of the Company upon completion of the Placing.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Purchase Price

The Purchase Price is HK\$1.33 per Share and represents: (i) a discount of approximately 4.32% to the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) a discount of approximately 5.14% to the average closing price of HK\$1.402 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement. The Purchase Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Seller and the Manager. The Directors consider that the Purchase Price and the terms and conditions of the Top-up Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment or waiver of the following conditions:

- (i) the passing of the relevant board resolutions by the Seller;
- (ii) there shall not have occurred any material breach of any of the representations, warranties or undertakings given by the Seller under the Top-up Placing and Subscription Agreement or any event would have rendered any such representations, warranties or undertakings being untrue or inaccurate in any material aspects;
- (iii) there shall not have occurred any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Seller;
- (iv) there shall not have occurred any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange or (b) generally on the Stock Exchange;
- (v) there shall not have occurred any event, or series of events beyond the reasonable control of the Manager (including, without limitation, any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong of a national emergency or war or other calamity or crisis or the declaration by any of the other jurisdictions relevant to any member of the Group of a national emergency or war or a state of emergency or other calamity or crisis);
- (vi) there shall not have occurred any material disruption in commercial banking or securities settlement or clearance services in Hong Kong and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong;

(vii) there shall not have occurred any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation; and

no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Seller to proceed with the Placing).

Completion of the Placing

Completion of the Placing is expected to take place on 5 November 2020 (or such other time or date as the parties to the Top-up Placing and Subscription Agreement may agree in writing).

THE SUBSCRIPTION

Subscription Shares

The Seller conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Seller, a total of 7,200,000 new Shares at the Subscription Price (being the same as the Purchase Price), upon the terms and subject to the conditions set out in the Top-up Placing and Subscription Agreement.

Assuming that the Sale Shares are sold pursuant to the Placing, the Subscription Shares will be allotted and issued to the Seller, representing: (a) approximately 1.90% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 1.86% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the allotment and issue of the Subscription Shares).

The Subscription Shares have an aggregate nominal value of HK\$72,000 based on the par value of HK\$0.01 per Share and a market value of HK\$10,008,000 based on the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue on the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the date of completion of the Subscription.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the total number of Shares in issue as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 75,946,400 new Shares. As at the date of this announcement, 75,946,400 new Shares remain available for issuance under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders.

Subscription Price

The Subscription Price is the same as the Purchase Price, being HK\$1.33 per Subscription Share. The net price for the Subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company, is estimated to be approximately HK\$1.30 per Subscription Share.

Conditions of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions: (a) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares and such listing and permission not subsequently being revoked prior to the allotment and issue of the Subscription Shares; and (b) completion of the Placing having occurred pursuant to the terms of the Top-up Placing and Subscription Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions of the Subscription shall have been satisfied, or such later time and/or date as the Seller and the Company may agree in writing, provided that it shall be no later than the date falling 14 days after the date of the Top-up Placing and Subscription Agreement, i.e. 17 November 2020. If the conditions are not fulfilled on or before 17 November 2020 or such later date, subject to compliance with the Listing Rules, as may be agreed between the Company and the Seller, the obligations and liabilities of the Seller and the Company under the Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other in respect of the Subscription save for any antecedent breach or any rights and remedies accrued prior to such termination.

INFORMATION ON THE PARTIES

The Seller

The Seller is an investment holding company and is owned as to 70% by Mr. Wong and 30% by Ms. Chan. As at the date of the Top-up Placing and Subscription Agreement, the Seller beneficially owns 250,318,000 Shares, representing approximately 65.92% of the total number of Shares in issue.

The Manager

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Manager and its ultimate beneficial owners: (a) is independent of, and not connected with, the Company and its connected persons; and (b) is independent of, and not acting in concert with, the Seller and persons acting in concert with the Seller.

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in the business of operating full service, quick service, take away service and dessert restaurants in Hong Kong.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors (including the independent non-executive Directors) are of the view that the Placing and the Subscription will benefit the Group's long term development and broaden its Shareholder and capital base to facilitate the future growth and development of its business. Assuming the Sale Shares are placed to the Placees and the equivalent number of Subscription Shares is subscribed for by the Seller under the Subscription, the gross proceeds and estimated net proceeds (after deducting the commission payable to the Manager, professional fee and other related costs and expenses in relation to the Placing and Subscription) from the Subscription are HK\$9,576,000 and approximately HK\$9,326,287 respectively. On such basis, the net price of each Subscription Share is approximately HK\$1.30.

The Board intends to use the net proceeds for general corporate purposes and to fund the expansion of the restaurant business, including capitalizing on revenue opportunities in the PRC. The strengthened financial position following the Placing and Subscription will significantly enhance the likelihood of the Company to capitalize on these opportunities. The Directors (including the independent non-executive Directors) are also of view that the Placing and Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Top-up Placing and Subscription Agreement, which were arrived at after arm's length negotiations between the Company, the Seller and the Manager, are fair and reasonable so far as the Shareholders are concerned.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the Sale Shares are placed in full and there will be no change to the total number of Shares in issue other than the allotment and issue of the Subscription Shares from the date of this announcement to the date of completion of the Subscription, the shareholdings in the Company (a) as at the date of this announcement; (b) immediately after completion of the Placing but before the completion of the Subscription; and (c) immediately after completion of the Placing and the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after completion of the Placing but before the completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The substantial shareholders and						
Directors						
The Seller (<i>Note 1</i>)	250,318,000	65.92	243,118,000	64.02	250,318,000	64.69
Elite China (<i>Note 2</i>)	9,984,000	2.63	9,984,000	2.63	9,984,000	2.58
The Seller and its close associates	260,302,000	68.55	253,102,000	66.65	260,302,000	67.27
Mr. Tsang (<i>Note 3</i>)	20,000	0.01	20,000	0.01	20,000	0.01
Public shareholder						
The Placees (<i>Note 4</i>)	Nil	Nil	7,200,000	1.90	7,200,000	1.86
Other public Shareholders	119,410,000	31.44	119,410,000	31.44	119,410,000	30.86
Total	<u>379,732,000</u>	<u>100</u>	<u>379,732,000</u>	<u>100</u>	<u>386,932,000</u>	<u>100</u>

Notes:

1. The Seller is owned as to 70% by Mr. Wong and 30% by Ms. Chan. As such, Mr. Wong and Ms. Chan are deemed to be interested in 250,318,000 Shares owned by the Seller by virtue of the SFO.
2. Elite China is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such, Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares owned by Elite China by virtue of the SFO.
3. Mr. Tsang, an independent non-executive Director, is the beneficial owner of 20,000 Shares.
4. It is assumed that the Placees do not and will not hold any Shares other than the Sale Shares and none of the Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.
5. Mr. Wong is the spouse of Ms. Chan.

LISTING APPLICATION FOR THE SUBSCRIPTION SHARES

An application will be made to the Listing Committee for granting approval for the listing of, and permission to deal in, the Subscription Shares.

Shareholders and potential investors should note that each of completions of the Placing and the Subscription is subject to the conditions under the Top-up Placing and Subscription Agreement to be fulfilled. As the Placing and the Subscription may or may not proceed, Shareholders and investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AGM”	the annual general meeting of the Company held on 22 July 2020 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Company”	Taste • Gourmet Group Limited (嚙•高美集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (stock code: 8371)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Elite China”	Elite China Enterprise Limited (錦華企業有限公司), a company incorporated in Hong Kong with limited liability on 1 December 2017 and owned as to 50% by Mr. Wong and 50% by Ms. Chan
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the total number of Shares in issue as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Manager”	Kingsway Financial Services Group Limited, incorporated in Hong Kong with limited liability and a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Mr. Wong”	Mr. Wong Ngai Shan (黃毅山), the executive Director and chairman of the Board of the Company, one of the controlling Shareholders, and the spouse of Ms. Chan
“Ms. Chan”	Ms. Chan Wai Chun (陳慧珍), the executive Director and chief executive officer of the Company, one of the controlling Shareholders, and the spouse of Mr. Wong
“Placees”	professional, institutional or other investors selected and procured by the Manager to purchase the Sale Shares pursuant to the Top-Up Placing and Subscription Agreement
“Placing”	the placing of the Sale Shares by the Manager to the Placees at the Purchase Price pursuant to the Top-Up Placing and Subscription Agreement
“PRC”	the People’s Republic of China
“Purchase Price”	HK\$1.33 per Sale Share
“Sale Shares”	7,200,000 existing Shares beneficially owned by the Seller and to be sold pursuant to the Top-up Placing and Subscription Agreement

“Seller”	IKEAB Limited, a company incorporated in the BVI with limited liability on 19 May 2017, and owned as to 70% by Mr. Wong and 30% by Ms. Chan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Seller at the Subscription Price pursuant to the terms and conditions of the Top-up Placing and Subscription Agreement
“Subscription Price”	the price per Subscription Share payable by the Seller, which price shall be the same as the Purchase Price (being HK\$1.33 per Subscription Share)
“Subscription Shares”	7,200,000 new Shares to be allotted and issued to the Seller (equivalent to the number of the Sale Shares) by the Company under the Subscription
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Top-up Placing and Subscription Agreement”	the top-up placing and subscription agreement entered into between the Company, the Seller and the Manager dated 3 November 2020 in respect of the Placing and the Subscription
“%”	per cent

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

Hong Kong, 3 November 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.