

**HRC WORLD PLC**

**NASDAQ FIRST NORTH, COPENHAGEN**

**TICKER: HRC**

**ISIN: GB00BZ3CDY20**

**30 JULY 2018**

### **CHANGE IN OPERATING STRUCTURE**

HRC World Plc (the Company), is involved in establishing Hard Rock Cafés across China, today announces that it is planning to further enhance its operating structure to accommodate the available opportunities in business expansion in China.

In the past several months, the board has been actively exploring new business opportunities in China and Hong Kong. The Company has identified two potential opportunities in the themed restaurant and/or music entertainment segment. The opportunities have a combined number of outlets numbering more than 500. This present a huge immediate opportunity to the Company which it wishes to pursue.

However, the current operating structure of the Company is unable to accommodate this proposed expansion into other F&B brands. This is because the current structure includes:

- (a) Non-compete restrictions for the Company, as an indirect shareholder of the current franchisee, from having any interest or involvement in any other themed restaurant or music entertainment;
- (b) Prohibitive conditions on shareholding changes including probity checks by the franchisor (due to the gaming regulation under which the franchisor operates) before approving the shareholders' ability to exercise their rights.

In line with the aspiration of the Company to become a leading themed-restaurant and music entertainment operator in the region, the Company has decided to implement certain changes to enhance its operating structure specifically to allow the company to undertake the potential opportunities mentioned above.

Accordingly, the Company has entered into a Share Sale Agreement, which was approved by the Stamp Office on 30 July 2018, with Ada Ventures, the original founder of the franchisee of Hard Rock franchise in China, for the sale of HRC Asia Ltd. The consideration receivable by the Company under this agreement is USD20mil. HRC Asia Ltd is the company that owns the existing Hard Rock Cafes in China. The sale will be tabled for shareholder approval in the Company's Annual General Meeting on the 23 Aug 2018. Subject to that approval being granted, the agreement will become effective on the same day.

Separately, the Company has agreed to enter into a Restaurant Management Agreement (RMA) with HRC Asia Ltd, which shall be effective within 30-days after 23 August 2018, for the management of the Hard Rock Café expansion, development and operations across China and in additional territories as planned earlier. The RMA essentially maintains the involvement of the Company in the Hard Rock Cafés in China but on a management as opposed to ownership basis. The RMA provides for the Company to make available (1) restaurant marketing and promotion support services, (2) tourist based customer acquisition services, and (3) music & event based revenue development. The Company will not be involved in the day-to-day operations of the restaurants engaged under the RMA and further relieves the company of the capex requirements for new cafes.

The directors believe that this is a more inclusive approach of the Company's overall aspiration of developing tourist-based and event-based revenues in all future restaurants that the Company plans to manage and it will reduce the Company's dependence on any single brand. In addition, this bodes well with the Company's HRC Music initiative that has been in the works in the last few months.

### **THE DIRECTORS OF HRC WORLD PLC ACCEPT RESPONSIBILITY FOR THIS ANNOUNCEMENT**

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#### **About HRC World Plc**

HRC World Plc is an England & Wales incorporated public company with registration number 10829936 and is quoted on Nasdaq First North (Copenhagen). HRC World through its subsidiaries manages Hard Rock Cafés across China.

Further information may be found at the Company's website: [www.hrcplc.co.uk](http://www.hrcplc.co.uk)

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