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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



宏大證券有限公司
Grand Cartel Securities Co. Ltd.

THE PLACING

On 17 February 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 400,000,000 new Shares to not less than six Placees at the Placing Price of HK\$0.150 per Placing Share. The Placees and their respective ultimate beneficial owner(s) (where appropriate) shall be Independent Third Parties. The Placing Shares will be issued under the General Mandate.

The Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed “Condition of the Placing” of this announcement. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 17 February 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent.

Date

17 February 2017 (after trading hours)

Issuer

The Company

Placing Agent

Grand Cartel Securities Company Limited

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 400,000,000 new Shares to not less than six Placees at the Placing Price of HK\$0.150 per Placing Share. The Placing Agent will receive a placing commission of 1.5% of the aggregate amount equal to the Placing Price multiplied by the Placing Shares placed by the Placing Agent. Having considered the size and the terms of the Placing, the Directors are of the view that the placing commission of 1.5% for the Placing is fair and reasonable.

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

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners (where appropriate) shall be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

Placing Shares

The Placing Shares represent:

- (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Based on the closing price of the Shares of HK\$0.150 per Share on 17 February 2017, the date of the Placing Agreement, the Placing Shares have a market value of approximately HK\$60 million. The Placing Shares have an aggregate nominal value of HK\$4 million.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.150 per Placing Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 17 February 2017, being the date of the Placing Agreement; and
- (ii) a discount of approximately 2.60% to the average closing price of approximately HK\$0.154 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Condition of the Placing

Completion is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

In the event that the condition to the Placing is not fulfilled on or before 31 March 2017 (or such later date as may be agreed between the Company and the Placing Agent in writing), the Placing will not proceed and the Placing Agreement, along with all rights and obligations of the Placing Agent and the Company thereunder will cease and terminate.

Application for the listing of the Placing Shares

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion

Completion shall take place on the third Business Day after the fulfilment of the above condition or on such other date as the Company and the Placing Agent may agree.

General Mandate

The Placing Shares will be issued under the General Mandate pursuant to which the Company is authorised to allot and issue up to 400,000,000 Shares. As at the date of this announcement, no shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Upon Completion, the Company will have no unused general mandate to issue Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company as at the date of this announcement and immediately after the Completion are set out as follows:

Shareholders	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Fortune Round Limited (Note (i) and (ii))	1,500,000,000	75.00	1,500,000,000	62.50
Places	—	—	400,000,000	16.67
Other public Shareholders	<u>500,000,000</u>	<u>25.00</u>	<u>500,000,000</u>	<u>20.83</u>
Total	<u>2,000,000,000</u>	<u>100.00</u>	<u>2,400,000,000</u>	<u>100.00</u>

Notes:

- (i) Fortune Round Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Mr. Wong Man Wai, being the Chairman, the chief executive officer and executive Director of the Company. By virtue of the SFO, Mr. Wong Man Wai is deemed to be interested in the Shares held by Fortune Round Limited.
- (ii) Ms. Li Wing Yin is the spouse of Mr. Wong Man Wai and she is deemed to be interested in the Shares in which Mr. Wong Man Wai is interested in under the SFO.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 8 August 2016 (the “**Listing Date**”), the Company completed the listing of its Shares on GEM by way of placing (the “**Listing**”) and an aggregate of 500,000,000 Shares were allotted and issued at the placing price of HK\$0.150 per Share, raising net proceeds of approximately HK\$41.6 million after deducting underwriting commissions and all other related expenses. As at the date of this announcement, the Group had utilised approximately HK\$3.0 million of the net proceeds of the Listing. The unutilised portion of net proceeds is currently held in cash and has been placed in licensed banks in Hong Kong. The Company intended that the net proceeds of the Listing will be applied in the manner consistent with the proposed allocations as disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 1 August 2016. As reported by the Chairman in the 2016 Third Quarterly Report of the Company, the net proceeds from the Listing had been applied in the following manners:

Use of proceeds	Use of proceeds as shown from the Listing Date to 31 March 2017 (unaudited) (HK\$'000)	Actual use of proceeds as shown from the Listing Date to as at the date of this Announcement (unaudited) (HK\$'000)
1. Renovation of existing restaurants	3,000	2,500
2. Opening new restaurants	15,000	—
3. Marketing activities (including recruitment, advertisement and promotion activities) to promote brand awareness	600	386
4. Upgrading existing restaurant system and facilities	800	127
	<u>19,400</u>	<u>3,013</u>

Save as aforesaid, the Company has not carried out any other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

REASONS FOR THE PLACING

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of casual dining food catering services in Hong Kong.

Whilst the strategic objective of the Group remains to strengthen its leading position in operating restaurants at the Hong Kong International Airport as well as keep looking for suitable opportunities to extend the Group’s business in the urban areas of Hong Kong, the Directors are of the view that there is plenty of room for business growth and development in the catering industry in Hong Kong. The Company continues to identify suitable opportunities, including but not limited to franchising of our self-owned brands, joint

venture and cooperation arrangements with other popular restaurant brands. The Directors consider that the Placing offers a good opportunity to raise additional funds for the Company while broadening the Shareholders' and capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable, on normal and commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing are expected to be HK\$60 million and approximately HK\$59 million, respectively. The net proceeds raised per Placing Share is approximately HK\$0.147.

It is expected that (i) approximately HK\$53.1 million, representing approximately 90% of the net proceeds from the Placing, will be used for pursuing potential acquisition opportunities; and (ii) the remaining portion of approximately HK\$5.9 million, representing approximately 10% of the net proceeds from the Placing, will be used by the Company as general working capital of the Group.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed "Condition of the Placing" above. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day"	a day (other than Saturday) on which banks are open in Hong Kong for general banking business
"Company"	Royal Catering Group Holdings Company Limited (皇璽餐飲集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
"Completion"	completion of the Placing
"Director(s)"	the director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed on 21 July 2016 to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company then existing, which was 2,000,000,000 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules)
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 400,000,000 Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Grand Cartel Securities Company Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 February 2017 in relation to the Placing
“Placing Price”	HK\$0.150 per Placing Share
“Placing Shares”	up to 400,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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

“substantial shareholder(s)” has the meaning ascribed to it under the GEM Listing Rules
“%” per cent

By order of the Board
Royal Catering Group Holdings Company Limited
Wong Man Wai
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 17 February 2017

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. Cheng Wing Hong and Mr. Cai Chun Fai.

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 Company Announcements” page of the GEM website at 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.hkrcg.com.