

Royal Catering Group Holdings Company Limited

皇璽餐飲集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8300)

Treasury Policies

(adopted by the board of directors by a resolution passed on 23 May 2017)

1. Definitions

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

“Accepted Foreign Currencies”	the lawful currencies of the United States of America, Japan, the Eurozone, the United Kingdom, Canada, Australia, the PRC and any other currencies as maybe approved by the Investment Committee from time to time
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday(s) and Sunday(s)) in Hong Kong on which licensed banks in Hong Kong are open for banking business throughout their normal business hours
“Chairman”	the chairman of the Board
“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
“Designated Executive Director”	a designated executive Director responsible for the Group’s treasury and corporate finance
“Director(s)”	director(s) of the Company from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Cap”	has the meaning ascribed to it in section 6 of the Policies
“Investment Committee”	the investment committee overseeing the investment activities of the Group, its composition and functions are set out in section 3 of the Policies
“Policies”	this treasury policies adopted by the Board by a resolution passed on 23 May 2017
“PRC”	the People’s Republic of China, which for the purposes of the Policies only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Fund”	surplus fund after reserving the working capital requirement for the next 12-month period of the Group and excluding any unused proceeds from the placing of shares by the Company pursuant to its prospectus dated 1 August 2016
“Total Investment”	has the meaning ascribed to it in section 6 of the Policies

2. Investment objectives

The principal investment objectives of the Group are to seek capital appreciation with a view to enhance the application of the Surplus Fund in accordance with section 6 of the Policies. Any investment made by the Group from the Surplus Fund is intended to be short term in nature and for treasury management purposes. None of these investments shall be speculative in nature.

3. Investment Committee

3.1 The investment activities of the Group shall be undertaken by the Investment Committee, which consists of at least three members including the Chairman, the Designated Executive Director and the Group’s financial controller.

3.2 The Investment Committee is responsible for:

- (1) formulating the Group’s investment policies and strategies;
- (2) monitoring the Group’s investment transactions and investment performance;

- (3) proposing the Investment Cap to the Board for approval (if necessary); and
 - (4) approving the appointment of external investment managers, if any.
- 3.3 The Chairman as a member of the Investment Committee is responsible for formulating the Group's overall investment strategy.
- 3.4 The Designated Executive Director as a member of the Investment Committee is responsible for:
 - (1) establishing the Group's investment policies and strategies;
 - (2) controlling the day-to-day investment activities and associated financing activities;
 - (3) executing investment transactions in accordance with the Policies;
 - (4) managing the investment portfolio within approved policies, parameters and limits;
 - (5) preparing regular investment portfolio reports; and
 - (6) maintaining business relationships with external investment managers, banks and broker firms.
- 3.5 The Group's financial controller as a member of the Investment Committee is responsible for:
 - (1) controlling the day-to-day cash management activities;
 - (2) monitoring the Total Investment regularly to ensure the Total Investment does not exceed the Investment Cap and reporting the same in a monthly report to the Board; and
 - (3) monitoring the investment activities to ensure compliance with the Policies and any other statutory and regulatory requirements, including the GEM Listing Rules.
- 3.6 The Committee shall meet at least once a month to review the Group's investment performance. Additional meetings should be held as and when the responsibilities of the Investment Committee demands.
- 3.7 The quorum of a meeting shall be three members of the Investment Committee.

- 3.8. The Committee members could attend the meetings in person, by telephone or by video conference.
- 3.9. Resolutions of the Investment Committee shall be passed by unanimous votes of the members.
- 3.10. A resolution in writing signed by all the members of the Investment Committee shall be as valid and effectual as if it had been passed at a meeting of the Investment Committee duly convened and held.

4. Investment scope

- 4.1 The Group shall only invest in the following investments:
 - (1) deposits with licensed and/or registered banks;
 - (2) negotiable instruments, including but not limited to certificate of deposits;
 - (3) term deposits with licensed and/or registered banks;
 - (4) foreign exchanges transactions of Accepted Foreign Currencies;
 - (5) funds, including but not limited to mutual funds, closed-end funds, unit investment trusts and private funds;
 - (6) fixed income products;
 - (7) equity and related derivatives and other structured products, including but not limited to securities, futures and options, accumulators and decumulators;
 - (8) commodities and/or related derivatives and other structured products; and
 - (9) any other investment instruments approved by the Investment Committee from time to time.
- 4.2 Contracts for investment products of hedging nature can only be entered into if they are directly related to the core business of the Group or the portfolio position of the Group from time to time, unless prior approval from any two executive Directors has been obtained.

5. Selection criteria

- 5.1 The Investment Committee shall assess the risk profile involved, the liquidity of the investment and the yield of the investment in making an investment decision.

- 5.2 Prior written approval shall be obtained from any two of the Executive Directors for any contract with respect to “accumulator”, “decumulator” or similar investment products.

6. Total Investment and Investment Cap

- 6.1 The Investment Committee shall identify and review investment opportunities which may arise from time to time.
- 6.2 Any investment to be made by the Group from the Surplus Fund shall be approved by a resolution of the Investment Committee.
- 6.3 Subject to the availability of the Surplus Fund, the total amount of the Group’s investment at any time (inclusive of listed securities or investment products of all kinds and all outstanding contract commitments) (the “**Total Investment**”) shall not exceed an amount equal to the Surplus Fund (the “**Investment Cap**”), or such other amount as approved by the Board in accordance with the Policies.
- 6.4 Outstanding contract commitments for options to buy or options to sell are calculated as follows:

- (1) Outstanding contract commitments to buy:

Maximum remaining quantity *times* strike price of the underlying securities/assets

- (2) Outstanding contract commitments to sell:

Absolute amount (maximum remaining quantity *less* quantity on hand) *times* spot price of the underlying securities/assets

For the avoidance of doubt, even the outstanding contract commitments to buy or sell may relate to the same underlying securities/assets, they cannot be cancelled out against each other for the purpose of calculating the Total Investment.

- 6.5 The Investment Cap is determined with reference to the existing investment amount and the projection of the surplus funds balance of the Group. Any changes to the Investment Cap must be approved by the Board. The Investment Committee is required to submit the new proposed Investment Cap with supporting reasons to the Board for approval.
- 6.6 If the Total Investment exceeds the Investment Cap, the Investment Committee shall take all necessary actions to reduce the Total Investment to a sum lower than or equal to the Investment Cap within the five (5) Business Days from the date of occurrence of such breach. If the Total Investment is not reduced within such five (5) Business

Days, the Investment Committee shall set out in writing with proper record the reason(s) thereof, and the new deadline, being a date (a) not more than ten (10) Business Days from the original deadline; or (b) any other date as approved by the Board with reasons properly recorded, whichever accounts for a longer period from the original deadline. Such further extended deadline should be strictly met without any further delay.

7. Internal control on investment activities

- 7.1 In order to continuously monitor the Group's investment portfolio, the Group's overall investment activities shall be monitored on a monthly basis by the Board.
- 7.2 Meetings of the Board shall be convened at least on a quarterly basis to review the Group's investment activities.
- 7.3 The Investment Committee shall submit to the Board a monthly report on the Group's investment activities, setting out the amount of the Investment Cap and the rate of utilization thereof, the investments portfolio held, the amount invested/disposed of during the month, and the cost and market value as at the last day of the month (where applicable).
- 7.4 In the event of any non-compliance issue being identified, a member of the Investment Committee is obligated to inform all other members as soon as practicable and the Investment Committee shall investigate the non-compliance issue. The Chairman shall report the non-compliance issue to the Board and provide all necessary information for the Board to review and consider appropriate action to be taken and any other remedies.