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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 13 December 2017 (the “**Announcement**”) in relation to the Placing Agreement entered into between the Company and the Placing Agent on 13 December 2017.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Pursuant to the Placement 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 440,560,000 new Shares to not less than six Placees at the Placing Price of HK\$0.105 per Placing Share.

The net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing are expected to be approximately HK\$45.2 million. It is expected that (i) approximately HK\$37.5 million, representing approximately 83.0% of the net proceeds from the Placing, will be used for acquiring a property in the urban area of Hong Kong to operate a new restaurant by the Group (the “**Intended Acquisition**”); and (ii) the remaining portion of approximately HK\$7.7 million, representing approximately 17.0% of the net proceeds from the Placing, will be used for opening Du Hsiao Yueh (度小月) (“**DHY**”) restaurants in Hong Kong.

The Company would like to provide the following additional information in relation to the Placing:

- (1) According to the latest available management accounts of the Group, as at 30 November 2017, the total consolidated cash and cash equivalent, pledged fixed deposits and investments in funds of the Group amounted to approximately HK\$121.6 million (the “**Total Cash**”). As at 30 November 2017, the Group’s estimated free cash was approximately HK\$24.5 million, which was derived from the Total Cash after deducting (i) the unused net proceeds from the initial public offering of the Company (the “**IPO Proceeds**”); (ii) the pledged fixed deposits to provide guarantee for the

performance bond in respect of the Group's shops at the Hong Kong International Airport; (iii) working capital for the Group's existing catering business; and (iv) the proceeds from previous placing of new Shares on 13 March 2017 (the "**Previous Placing**").

- (2) The IPO Proceeds and proceeds from the Previous Placing are reserved for designated use as disclosed in the prospectus of the Company dated 1 August 2016 (the "**Prospectus**") and the Company's announcement dated 13 March 2017, respectively. In relation to the IPO proceeds, the Company is still in the process of actively seeking for suitable premises to open new restaurants, and has been constantly liaising with different landlords and property agents to explore different locations for new restaurants. Despite experiencing some delay in the implementation, the Company remains fully committed to apply the IPO Proceeds in the manner as disclosed in the Prospectus. In relation to the proceeds from the Previous Placing, the Company is currently in negotiation with the vendor for a potential acquisition, and is seeking professional advice from different professional parties. The Company expects to execute such acquisition in the first or second quarter of 2018.
- (3) In relation to the Intended Acquisition, the Company targets to acquire a property with reference to a set of criteria, namely, location, size and price range. The Company estimates that the amount of down payment and related transaction costs for the Intended Acquisition would be approximately HK\$31 million to HK\$71 million. In view of the Group's estimated free cash of approximately HK\$24.5 million, the Company considers that it is necessary to raise additional funds from the Placing in order to execute the Intended Acquisition.
- (4) The Company is liaising with different property agents to identify a suitable property that meets the abovementioned criteria. In light of the volatile property market conditions, upon the finalisation of negotiation with the potential landlord of a suitable property, the Company expects to execute a provisional sale and purchase agreement and to pay the initial deposits as soon as practicable in order to secure such property. Given the short time interval between the identification of a suitable property and the timing of payment, the Company is of the view that the Placing provides the necessary platform to serve the imminent need of the Company to finance the Intended Acquisition. Subject to the current property market conditions and availability of a suitable property, the Company expects to enter into, or at least in final stage of negotiation to enter into, a provisional sale and purchase agreement within the next twelve months upon Completion.
- (5) In relation to DHY restaurants, the Company opened its first DHY restaurant in Harbour City, Tsim Sha Tsui in June 2017, and achieved positive results and receptions. Recognising that competition in the Hong Kong catering sector is fierce, the Company is of the view that a timely response to the positive receptions of the DHY brand would maximise returns to the Shareholders. As a result, the Company expects to open five new DHY restaurants in in-mall shops at commercially acceptable locations by the fourth quarter of 2018, and to use the allocated net proceeds for paying the rental deposits.

The above additional information does not affect any other information contained in the Announcement.

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

Hong Kong, 28 December 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.