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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)**

## **CHANGE IN USE OF PROCEEDS AND BUSINESS UPDATE**

This announcement is made by Royal Catering Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors for the development of the Group that results in the decision by the Board to change of the intended use of the proceeds disclosed in the Prospectus (defined as below) and the recent development of the Group’s existing restaurants at the Hong Kong International Airport (the “**HKIA**”).

### **Change in use of proceeds from the IPO**

Reference is made to the prospectus issued by the Company, dated 1 August 2016 (the “**Prospectus**”) for the initial public offering (the “**IPO**”) and the listing of the Company’s shares on the GEM of the Stock Exchange (the “**Listing**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Prospectus.

The Board would like to announce that it has resolved to change the use of net proceeds from the Listing.

As set in the section headed “Future Plans and Use of Proceed” in the Prospectus that the Company intended to use the net proceeds of HK\$39.8 million for the following purpose:

- approximately HK\$5.0 million of the net proceeds for opening a new franchised restaurant under third party’s brand through franchising or other cooperation arrangement at the HKIA;
- approximately HK\$9.0 million of the net proceeds for opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in the urban area of Hong Kong;

- approximately HK\$5.0 million of the net proceeds for opening a new restaurant under our self-owned brand at the HKIA
- approximately HK\$10.7 million of the net proceeds for opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in PRC;
- approximately HK\$7.0 million of the net proceeds for renovation of existing restaurants operating at the HKIA;
- approximately HK\$2.2 million of the net proceeds for marketing activities (including recruitment, advertisement and promotional activities) to promote brand awareness; and
- approximately HK\$0.9 million of the net proceeds for upgrading existing restaurant facilities and systems.

The net proceeds received from the IPO, after deducting the actual listing related expenses, amounted to approximately HK\$41.3 million. On the basis as disclosed in the Prospectus, the actual amount of net proceeds from IPO shall be applied as follows:

- approximately HK\$5.2 million of the net proceeds for opening a new franchised restaurant under third party’s brand through franchising or other cooperation arrangement at the HKIA;
- approximately HK\$9.3 million of the net proceeds for opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in the urban area of Hong Kong;
- approximately HK\$5.2 million of the net proceeds for opening a new restaurant under our self-owned brand at the HKIA
- approximately HK\$11.1 million of the net proceeds for opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in PRC;
- approximately HK\$7.3 million of the net proceeds for renovation of existing restaurants operating at the HKIA;
- approximately HK\$2.3 million of the net proceeds for marketing activities (including recruitment, advertisement and promotional activities) to promote brand awareness; and
- approximately HK\$0.9 million of the net proceeds for upgrading existing restaurant facilities and systems.

As at the date of this announcement, the Company has utilised the net proceeds from the Listing of up to approximately HK\$4.4 million. On 9 April 2018, the Board resolved to change the proposed use of net proceeds from the Listing. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, and the utilised net proceeds as at the date of this announcement are set out as follows:

Uses	Original allocation <i>HK\$ million</i>	Revised allocation <i>HK\$ million</i>	Utilisation as at the date of this announcement <i>HK\$ million</i>	Remaining balance after revised allocation <i>HK\$ million</i>
Opening a new franchised restaurant under third party's brand through franchising or other cooperation arrangement at the HKIA	5.2	5.2	—	5.2
Opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in the urban area of Hong Kong	9.3	—	—	—
Opening new restaurants under the New Franchise Brands (defined as below) in the urban area of Hong Kong	—	9.3	—	9.3
Opening a new restaurant under our self-owned brand at the HKIA	5.2	5.2	—	5.2
Opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in the PRC	11.1	11.1	—	11.1
Renovating of existing restaurants operating at the HKIA	7.3	7.3	2.5	4.8
Marketing activities (including recruitment, advertisement and promotional activities) to promote brand awareness	2.3	2.3	1.0	1.3
Upgrading existing restaurant facilities and systems	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>—</u>
	<u>41.3</u>	<u>41.3</u>	<u>4.4</u>	<u>36.9</u>

Save for the aforesaid changes, there is no other change of the use of the IPO net proceeds.

## Reasons for the reallocation and change in use of proceeds

In considering the reallocation and change in use of proceeds received from the IPO, the Directors have taken into account the positive results and feedback received from the first Du Hsiao Yueh (度小月) restaurant, which commenced business in Tsim Sha Tsui in June 2017. As such, the Directors are optimistic about the growth prospect by introducing another famous Taiwan catering brand in the urban area of Hong Kong. On 9 April 2018 (after trading hours), Sky Grand International Development Limited (“**Sky Grand**”), a non-wholly owned subsidiary of the Company, and Hanley International Co. Ltd. (翰林國際企業股份有限公司), an Independent Third Party, entered into a franchise agreement, pursuant to which Sky Grand was granted the sole and exclusive rights, license and franchise of famous Taiwan catering brand “翰林茶館” and “翰林茶棧” (the “**New Franchised Brands**”) to establish, manage, run and operate restaurants and food outlets in Hong Kong for an initial term of five years and with priority right to further extend five years. Under the franchise agreement, Sky Grand should open at least nine shops during first five years.

The Directors are of the view that the reallocation and change in use of proceeds can strengthen the brand portfolio of restaurant operations and broaden the Group’s scope of food & beverage business operation, and is in the interest and benefit of the Company and its shareholders as a whole.

## The recent development of the Group

The Board wishes to inform the Shareholders and potential investors that the licenses for the use in the relevant areas at the HKIA for the operations of the restaurant under the brand “Nosh Café & Bar” and the restaurant under the brand “Tasty Congee & Noodle Wantun Shop (正斗)” will expire on 11 May 2018 and 31 May 2018, respectively. The Group has 100% interest in the restaurant under the brand “Nosh Café & Bar” and 42% interest in the restaurant under the brand “Tasty Congee & Noodle Wantun Shop (正斗)”. Both restaurants are operating at the HKIA and the Directors expected that the licenses for the use in the relevant areas cannot be renewed before expiry. After May 2018, the Group will continuously operate three restaurants under the brands, “Taiwan Beef Noodle (台灣牛肉麵)”, “Chinese Kitchen (中國廚房)” and “Macao Harbour (阿瑪港澳門餐廳)” and one takeaway kiosk under the brand “Coffee Express, at the HKIA. The Directors wish to emphasise that the Group will continue to strengthen our position in operating restaurants at the HKIA and continue to look for opportunities to introduce popular restaurant brands at the HKIA.

Reference is also made to the announcement of the Company dated 26 March 2018. Rich Pond Limited (“**Rich Pond**”), a wholly-owned subsidiary of the Company has entered into a non-legally binding memorandum of understanding to explore the potential business cooperation with FLM Food & Dining Management Limited (“**FLM Food**”) in carrying out catering business under the brand of “福廚房” for up to twenty (20) outlets in Hong Kong, Macau, and the PRC, and to purchase from FLM Food for distribution of the licensed pre-packaged food products under the brand, trademark and/or franchised name of “Fook Lam Moon Fine Foods” or “福臨門尚品” at the Rich Pond’s outlets or the outlets operated by the joint venture to be established by the Rich Pond and FLM Food. As at the date of this announcement, the Group and FLM Food are negotiating for the terms and conditions of the definitive agreements for the transactions contemplated under the memorandum of

understandings. The Company will make further announcement in accordance with the GEM Listing Rules as and when necessary if there is further development of the transactions contemplated under the memorandum of understandings.

**Shareholders and potential investors should exercise caution when dealing in the share of the Company.**

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

Hong Kong, 9 April 2018

*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](http://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](http://www.hkrcg.com).*