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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)

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 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 the recent development of the business of the Group and the change of the intended use of the proceeds from the listing of the Company’s shares on the GEM of the Stock Exchange (the “**Listing**”), which was disclosed in the announcement of the Company dated 9 April 2018 (the “**Original Allocation**”).

Reference is made to the announcement of the Company dated 9 April 2018, the proposed use of the net proceeds received from the Listing, after deducting the actual Listing-related expenses, of approximately HK\$41.3 million are set out as below:

- 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 Hong Kong International Airport (the “**HKIA**”);
- approximately HK\$5.2 million of the net proceeds for opening a new restaurant under our self-owned brand at the HKIA;
- approximately HK\$9.3 million of the net proceeds for opening new restaurants under the franchised brands “翰林茶館” and “翰林茶棧” (the “**New Franchise Brands**”) in the urban area of Hong Kong;
- 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 the PRC;

- approximately HK\$7.3 million of the net proceeds for renovating 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 approximately HK\$6.0 million of the net proceeds from the Listing. On 9 October 2018, the Board resolved to change the proposed use of net proceeds from the Listing (the “**Revised Allocation**”). Details of the Original Allocation, the Revised Allocation, the utilised net proceeds and the remaining balance of the 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	—	—	—
Opening a new restaurant under our self-owned brand at the HKIA	5.2	—	—	—
Opening new restaurants in Hong Kong	—	10.4	—	10.4
Opening new restaurants under the New Franchise Brands in the urban area of Hong Kong	9.3	9.3	—	9.3
Opening two new restaurants under our self-owned brand “Taiwan Beef Noodle (台灣牛肉麵)” in the PRC	11.1	—	—	—

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 new restaurants in the Asia	—	11.1	—	11.1
Renovating of existing restaurants operating at the HKIA	7.3	—	4.0	—
Renovating of restaurants and office	—	3.3	—	3.3
Marketing activities (including recruitment, advertisement and promotional activities) to promote brand awareness	2.3	2.3	1.1	1.2
Upgrading existing restaurant facilities and systems	0.9	0.9	0.9	—
	<u>41.3</u>	<u>37.3</u>	<u>6.0</u>	<u>35.3</u>

The recent development of the Group

Reference is also made to the announcement of the Company dated 14 September 2018. The Group has submitted tender application (the “**Tender Application**”) for licence to use the prescribed premises at the HKIA (the “**Premises**”). The Group operated a restaurant under the brand “Taiwan Beef Noodle (台灣牛肉麵)” in the Premises and ceased operation from 14 September 2018. The Board wishes to inform the Shareholders and potential investors that the Company received a formal letter on 8 October 2018 from HKIA that the Tender Application was unsuccessful.

In order to look for suitable opportunities to expand our catering business according to current market trend and recent economic situation, the Board decided to extend the scope of the Original Allocation by adopting the Revised Allocation. The Group will continue to strengthen our position in operating restaurants in Hong Kong and look for suitable opportunities to expand our business, including in the HKIA and urban area of Hong Kong, as well as tap into the catering marketing in the Asia.

As at the date of this announcement, the Group operates two restaurants under self-owned brands, “Chinese Kitchen (中國廚房)” and “Macao Harbour Restaurant (阿瑪港澳門餐廳)”, at the HKIA, three franchised restaurants in the urban area of Hong Kong, including two restaurants under the brand “Du Hsiao Yueh Restaurant (度小月)” in Harbour City, Tsim Sha Tsui and Times Square, Causeway Bay and one restaurant under the brand “Flamingo Bloom” in IFC, Central.

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

Hong Kong, 9 October 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. Cai Chun Fai and Mr. Ng Sai Cheong.

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 seven days from the date of its posting. This announcement will also be published on the Company’s website at www.hkrcg.com.