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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (collectively the "**Directors**" and individually a "**Director**") of Royal Catering Group Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK$50.5 million for the six-month period ended 30 September 2018 (six-month period ended 30 September 2017: approximately HK$51.5 million), representing a decrease of approximately 1.9% over the same period of the previous year.

- The Group recorded an unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK$4.5 million for the six-month period ended 30 September 2018 (six-month period ended 30 September 2017: unaudited profit and total comprehensive income attributable to owners of the Company of approximately HK$2.6 million).

- The basic and diluted loss per share attributable to owners of the Company for the six-month period ended 30 September 2018 was HK0.17 cents (six-month period ended 30 September 2017: the basic and diluted earnings per share attributable to owners of the Company of HK0.12 cents).

- The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2018.

The board (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six-month period ended 30 September 2018, together with the unaudited comparative figures for the respective corresponding period in 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 September 2018

		For the six-month period ended 30 September	
	Notes	**2018 HK$'000 (Unaudited)**	2017 HK$'000 (Unaudited)
Revenue	4	**50,532**	51,546
Cost of inventories sold		**(8,971)**	(9,653)
Gross profit		**41,561**	41,893
Other revenue and other income		**2,310**	1,781
Staff costs		**(15,675)**	(16,443)
Depreciation of property, plant and equipment		**(2,569)**	(2,527)
Amortisation on intangible assets		**(597)**	(129)
Property rentals and related expenses		**(13,577)**	(17,211)
Fuel and utility expenses		**(1,764)**	(1,763)
Unrealised loss arising from change in fair value of financial assets at fair value through profit or loss		**(1,254)**	(739)
Administrative expenses		**(9,780)**	(7,545)
Loss from operations		**(1,345)**	(2,683)
Gain on bargain purchase		**–**	3,119
Share of result of an associate		**(590)**	3,730
Finance costs	5	**(892)**	(259)
Loss before tax	6	**(2,827)**	3,907
Income tax expenses	7	**(852)**	(1,017)
(Loss)/profit and total comprehensive (loss)/income for the period		**(3,679)**	2,890
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(4,507)**	2,639
Non-controlling interests		**828**	251
		(3,679)	2,890
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (loss)/earnings per share (HK cents)	9	**(0.17)**	0.12

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	**As at 30 September 2018 HK$'000 (Unaudited)**	As at 31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**7,084**	4,796
Intangible assets	12	**9,638**	7,235
Interests in associates		**2,526**	3,116
Interest in a joint venture		**–**	–
Non-current deposits and prepayment	14	**7,402**	1,879
Deferred tax asset		**836**	836
		27,486	17,862
Current assets			
Inventories		**299**	192
Trade receivables	13	**1,266**	1,205
Deposits, prepayments and other receivables	14	**11,472**	5,519
Prepaid tax		**258**	539
Financial assets at fair value through profit or loss		**36,222**	37,476
Amounts due from non-controlling interests		**3,600**	–
Amount due from an associate		**–**	34
Amount due from a joint venture		**500**	500
Fixed deposits		**23,025**	7,500
Cash and cash equivalents		**78,847**	123,085
		155,489	176,050
Current liabilities			
Trade payables	15	**3,016**	2,453
Accruals and other payables		**13,998**	11,663
Tax payables		**2,112**	1,543
Amounts due to non-controlling interests		**1,484**	258
Bank borrowings	16	**13,129**	7,511
Unlisted corporate bonds	17	**–**	21,000
Obligation under a finance lease		**277**	270
		34,016	44,698

	Notes	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Net current assets		**121,473**	131,352
Total assets less current liabilities		**148,959**	149,214
Non-current liabilities			
Obligation under a finance lease		**516**	656
Deferred tax liabilities		**947**	983
		1,463	1,639
Net assets		**147,496**	147,575
CAPITAL AND RESERVE			
Share capital	18	**26,434**	26,434
Reserves		**109,343**	113,850
Equity attributable to owners of the Company		**135,777**	140,284
Non-controlling interests		**11,719**	7,291
Total equity		**147,496**	147,575

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands on 19 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange by way of placing (the "**Listing**") with effect from 8 August 2016 (the "**Listing Date**"). The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is at Unit 1901, 19/F, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong. Its ultimate holding company is Fortune Round Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly-owned by Mr. Wong Man Wai ("**Mr. Wong**"), a Director.

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

The unaudited condensed consolidated financial statements (the "**Interim Financial Statements**") are presented in Hong Kong dollar ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000), unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements for the six-month period ended 30 September 2018 have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the GEM Listing Rules. Except for the application of new and revised HKFRSs issued by the HKICPA, which are effective for the annual periods beginning on or after 1 January 2018, the principal accounting policies used in the Interim Financial Statements for the six-month period ended 30 September 2018 are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current period, the Group has applied all new and revised HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 January 2018. The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported and/or the disclosures set out in the Interim Financial Statements.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

The Interim Financial Statements for the six-month period ended 30 September 2018 have not been audited by the Group's auditors but have been reviewed by the Company's audit committee.

3. SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of casual dining food catering services restaurants. Information reported to the Group's management for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

4. REVENUE

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Restaurants operations	**49,206**	48,875
Sales of food	**1,008**	2,379
Franchise fee income	**318**	292
	50,532	51,546

The Group's revenue from restaurant operations and sales of food is recognised at a point in time and the Group's revenue from franchise fee income is recognised over time.

5. FINANCE COSTS

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**167**	95
Interest on unlisted corporate bonds	**705**	137
Interest on finance lease	**20**	27
	892	259

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**8,971**	9,653
Loss on written off of property, plant and equipment	**107**	–
Depreciation of property, plant and equipment	**15,675**	2,527
Amortisation on intangible assets	**597**	129
Lease payments under operating leases:		
– Minimum lease payments	**10,511**	13,785
– Contingent rents	**1,896**	2,026
	12,407	15,811
Employee benefit expenses (including directors' remuneration):		
– Salaries, allowance and benefits in kind	**15,094**	15,774
– Retirement benefit scheme contributions	**581**	669
	15,675	16,443
Unrealised loss arising on change in fair value of financial assets at fair value through profit or loss classified as held for trading investments	**1,254**	739

7. INCOME TAX EXPENSES

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong Profits Tax	**888**	1,038
Deferred tax:		
– Tax credit	**(36)**	(21)
	852	1,017

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong for both periods.

8. GAIN ON BARGAINING PURCHASE

On 31 May 2017, Alliance Catering Company Limited, a wholly-owned subsidiary of the Company ("**Alliance Catering**"), Du Hsiao Yueh (Hong Kong) Company Limited ("**DHY(HK)**") and two other independent third parties entered into the shareholders agreement, pursuant to which Alliance Catering subscribed for and DHY(HK) allotted and issued 5,400,000 of DHY(HK)'s shares (the "**Subscription Share**"), representing 60% of the share capital of DHY(HK) (the "**Subscription**"). The subscription price was HK$1.00 per Subscription Share and the consideration for the subscription was the sum of HK$5,400,000, which was paid in full on 13 June 2017. Completion of the Subscription took place on 13 June 2017 and a gain on bargain purchase for the Subscription of approximately HK$3,119,000 was recognised by the Group. DHY(HK) became a non-wholly owned subsidiary of the Company since then.

9. (LOSS)/EARNINGS PER SHARE

The computations of basic and diluted (loss)/earnings per share attributable to owners of the Company are based on the followings data:

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings per share		
(Loss)/earnings for the purpose of basic and diluted earnings per Shares	**(4,507)**	2,639

	For the six-month period ended 30 September	
	2018	2017
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per Share	**2,643,360**	2,202,800

The number of ordinary Shares for the purpose of calculating basic and diluted loss per Share for the six-month periods ended 30 September 2017 and 2018 have been determined on the assumption that 2,202,800,000 and 2,643,360,000 ordinary Shares, respectively of the Company have been in issue throughout the period, had been effective on 1 April 2017 and 2018, respectively.

As the Company's outstanding share options, where applicable, had an anti-dilutive effect to the basic (loss)/earnings per Share calculation for the six-month period ended 30 September 2017 and 2018, the conversion of the above potential dilutive Shares is not assumed in the calculation of diluted (loss)/earnings per Share.

10. DIVIDEND

No dividend has been paid or proposed by the Company for the six-month period ended 30 September 2018 (for the six-month period ended 30 September 2017: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 September 2018, the Group has acquired property, plant and equipment of approximately HK$5.0 million (six-month period ended 30 September 2017: approximately HK$3.1 million).

12. INTANGIBLE ASSETS

During the six-month period ended 30 September 2018, the Group has acquired intangible assets of approximately HK$3.0 million (six-month period ended 30 September 2017: Nil).

The intangible assets acquired on the acquisition of DHY(HK) and those acquired separately represents the sole and exclusive rights, licence and franchise of the famous Taiwan catering brand "Du Hsiao Yueh (度小月)", and beverage brands "Flamingo Bloom" and "Hanlin Tea Room/Hut (翰林茶館/棧)" to establish, manage, run and operate the various restaurants, food outlets and beverage shops in Hong Kong over the period ranging from 5 years to 15 years.

The assets are amortised on a straight-line basis over the periods ranging from 5 years to 15 years. The Directors concluded that there is no impairment as at 30 September 2018.

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually seven days after the service rendered date. The credit terms of the Group's trade receivables granted to airlines and other corporate customers generally ranges from one day to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
0 – 30 days	**429**	665
31 – 60 days	**225**	235
61 – 90 days	**91**	132
Over 90 days	**521**	173
	1,266	1,205

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Deposits paid	**7,267**	4,012
Prepayments	**10,482**	3,251
Other receivables	**1,125**	135
	18,874	7,398
Less: current portion included in deposits and prepayments	**(11,472)**	(5,519)
Non-current portion included in deposits and prepayments	**7,402**	1,879

Prepayments mainly consist of prepaid insurance and prepaid deposit and stamp duty for purchase of property.

15. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
0 – 30 days	**869**	1,137
31 – 60 days	**1,012**	713
61 – 90 days	**572**	352
Over 90 days	**563**	251
	3,016	2,453

The average credit period granted by suppliers ranging from 30 to 90 days.

16. BANK BORROWINGS

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Unsecured bank borrowings	**13,129**	7,511
Carrying amounts (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	**7,392**	3,255
– More than one year but less than five years	**5,737**	4,256
	13,129	7,511

All of the Group's bank borrowings are denominated in HK$.

At 30 September 2018, the unsecured bank borrowings are interests bearing at 4.00% (At 31 March 2018: at 4.00%) per annum.

At 30 September 2018, the unsecured bank borrowings were guaranteed by the Company.

17. UNLISTED CORPORATE BONDS

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Unlisted corporate bonds	**–**	21,000

On 17 August 2017 and 18 September 2017, the Company issued two unlisted corporate bonds at principal amounts of HK$11 million and HK$10 million respectively. The unlisted corporate bonds are unsecured, bearing a fixed interest rate of 8% per annum and are fully redeemable by the Company after one year from the respective issue date at its principal amount.

On 16 August 2018 and 17 September 2018, the two unlisted corporate bonds at principal amounts of HK$11 million and HK$10 million respectively were fully redeemed.

18. SHARE CAPITAL

	Number of shares		**Share capital**	
	For the six-month period ended 30 September 2018 '000	For the year ended 31 March 2018 '000	**For the six-month period ended 30 September 2018 HK$'000**	For the year ended 31 March 2018 HK$'000
Ordinary share of HK$0.01 each				
Authorised:				
At the beginning and the end of the reporting period	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid:				
At the beginning of the reporting period	**2,643,360**	2,202,800	**26,434**	22,028
Placing of new shares *(note (a))*	**–**	440,560	**–**	4,406
At the end of the reporting period	**2,643,360**	2,643,360	**26,434**	26,434

Note:

(a) On 5 January 2018, the Company allotted and issued to not less than six placees, who were independent third parties, a total of 440,560,000 ordinary shares of nominal value of HK$0.01 each at the placing price of HK$0.105 per share, raising a net proceed of approximately HK$45,209,000 with the net proceeds raised per the net placing price of HK$0.103. The net proceeds raised from the placing of new shares was intended to be used for acquiring a property in the urban area of Hong Kong to operate a new restaurant by the Group and opening "Du Hsiao Yueh (度小月)" restaurant in Hong Kong.

19. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statement, the Group carried out the following material transactions with related parties:

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Management fee income received from an associate	**43**	204

The transaction were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the normal ordinary course of business of the Group.

20. FINANCIAL INSTRUMENTS

Fair value hierarchy

	Quoted price in active market for identical Level 1	**Significant other observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 30 September 2018 (Unaudited)				
Fair value on a recurring basis				
Financial assets fair value through profit or loss	**36,222**	**–**	**–**	**36,222**
At 31 March 2018 (Audited)				
Fair value on a recurring basis				
Financial assets fair value through profit or loss	37,476	–	–	37,476

The Group's policy is to recognise transfer into and out of fair value hierarchy at the end of the date of the events or change in circumstances that caused the transfer.

During the six-month period ended 30 September 2018 and year ended 31 March 2018, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

Fair value of financial assets and liabilities

The Directors consider that the carrying amounts of financial assets and financial liabilities are approximate to fair values.

21. MAJOR NON-CASH TRANSACTIONS

During the six-month period ended 30 September 2018, the Group entered into the following major non-cash investing and financing activities, which were not reflected in the unaudited condensed consolidated statement of cash flows:

(a) the Group had acquired a franchising right of famous catering brand "Hanlin Tea Room/Hut (翰林茶館/棧)" of the amount HK$3,000,000, of which the amount of HK$500,000 had been paid in cash and HK$2,500,000 will be paid over the franchised period; and

(b) there was capital injection of HK$3,600,000 by a non-controlling interests to the Group's subsidiaries, of which the amount had not yet paid in cash.

22. EVENTS AFTER THE REPORTING PERIOD

On 31 October 2018, Kingdom Star Investment Limited ("**Kingdom Star**"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, has acquired a property at the purchase price of HK$29.8 million.

In October 2018 and November 2018, the first two restaurants under the brand "Hanlin Tea Room/Hut (翰林茶館/棧)" commenced operations in Harbour City, Tsim Sha Tsui and Grand Plaza, Mong Kok.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a food and beverage group in Hong Kong operating casual dining restaurants under a portfolio of brands. As at 30 September 2018, we were operating two restaurants under our self-owned brands, including "Chinese Kitchen (中國廚房)" and "Macao Harbour (阿瑪港澳門餐廳)" at the Hong Kong International Airport (the "**HKIA**"). During the six-month period ended 30 September 2018, a restaurant at the HKIA under the brand "Tasty Congee & Noodle Wantun Shop (正斗)" was closed and the licenses for operating the restaurants under the brands "Taiwan Beef Noodle (台灣牛肉麵)" and "Nosh Café & Bar" and one takeaway kiosk under the brand "Coffee Express" at the HKIA expired (the "**Expired Restaurants**"). The Group has 100% interest in the restaurant under the brand "Taiwan Beef Noodle (台灣牛肉麵)" and "Nosh Café & Bar" and one takeaway kiosk under the brand "Coffee Express" and 42% interest in the restaurant under the brand "Tasty Congee & Noodle Wantun Shop (正斗)".

Apart from operating our self-owned brands restaurants, we have also franchised our brands "Taiwan Beef Noodle (台灣牛肉麵)" and "Chinese Kitchen (中國廚房)" for the operation of a restaurant at Canton Road, Tsim Sha Tsui.

On the other hand, we have obtained the franchising rights in Hong Kong of three famous catering brands, including "Du Hsiao Yueh Restaurant (度小月)", which is a household name of Taiwanese cuisine, "Flamingo Bloom", which specializes in crafted floral tea, and "Hanlin Tea Room/Hut (翰林茶館/棧)", which is a famous Taiwanese-style tea restaurant. During the six months ended 30 September 2018, a restaurant under the brand "Du Hsiao Yueh Restaurant (度小月)" commenced operations in Times Square, Causeway Bay in June 2018 and our first restaurant under the brand "Flamingo Bloom" commenced operations in IFC, Central in July 2018 (the "**New Franchised Restaurants**").

The Group's strategic objective is to further strengthen our position in operating restaurants at the HKIA whilst continuing to look for suitable opportunities to expand our business in the urban area of Hong Kong, as well as tap into the casual dining market in the Asia.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 1.9% from approximately HK$51.5 million for the six-month period ended 30 September 2017 to approximately HK$50.5 million for the six-month period ended 30 September 2018. The decrease in revenue was mainly attributable to the closure of business of Expired Restaurants, and the effect was partially offset by the commencement of business of the New Franchised Restaurants.

Cost of inventories sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in restaurant operations. The cost of inventories sold of the Group decreased by approximately 7.2% from approximately HK$9.7 million for the six-month period ended 30 September 2017 to approximately HK$9.0 million for the six-month period ended 30 September 2018. The decrease in cost of inventories sold was mainly attributable to the closure of business of Expired Restaurants, and the effect was partially offset by the commencement of business of the New Franchised Restaurants.

Gross profit and gross profit margin

The Group's gross profit, which is equal to revenue minus cost of inventories sold, remained stable at approximately HK$41.9 million and HK$41.6 million for the six-month period ended 30 September 2017 and 2018, respectively.

The gross profit margin for the Group's restaurants operating at the HKIA were 81.2% and 81.3% for the six-month period ended 30 September 2017 and 2018, respectively. The gross profit margin for the Group's restaurants operating in the urban area of Hong Kong were 81.0% and 83.2% for the six-month period ended 30 September 2017 and 2018, respectively.

The improvement of gross profit margin for the Group's restaurants operating in the urban area of Hong Kong was attributable to the commencement of business of the New Franchised Restaurants. The better margin of New Franchised Restaurants was resulted from outsourcing its procurement function to a service provider with a more sophisticated inventory management control.

The relatively stable gross profit margin for the restaurants operating at the HKIA for the six-month period ended 30 September 2017 and 2018 were attributable to the centralisation of purchases in bulk orders and the discounts through the centralised warehouse services from a services provider to the Group. Leveraging on the concentrated pedestrian traffic and generally quick dining manner of the travellers, the Group's restaurants at the HKIA recorded a higher seat turnover rate which enabled the Group to maximise the utilisation of food ingredients and reduce wastage.

Other revenue and other income

	For the six-month period ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest income	**503**	207
Dividend income	**1,359**	734
Management fee income	**43**	204
Sundry income	**80**	18
Tips income	**101**	201
Net foreign exchange gain	**224**	417
Total	**2,310**	1,781

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs decreased from approximately HK$16.4 million for the six-month period ended 30 September 2017 to approximately HK$15.7 million for the six-month period ended 30 September 2018, representing an decrease of approximately 4.3%. The decrease in staff costs was mainly attributable to the closure of business of Expired Restaurants, and the effect was partially offset by the commencement of business of the New Franchised Restaurants during the period.

Due to changes in local labour laws and the general increase in labour costs in Hong Kong, the salary level of employees in the catering industry in Hong Kong has generally increased in recent years. The Directors expect that the staff costs will continue to increase as inflationary pressures in Hong Kong continue to drive up wages, and owing to the expected expansion of its business.

The Directors believe that the resulting upward pressure on the total staff costs as a percentage of total revenue could be mitigated by (i) prioritising internal transfers and re-allocations of employees from existing restaurants; (ii) increasing productivity of the staff by providing training; and (iii) minimising attrition levels by continuing to implement various employee retention initiatives to promote employee loyalty and to motivate employees.

Employees and remuneration policies

As at 30 September 2018, the Group had 140 employees (at 30 September 2017: 158 employees). The decrease in number of staff during the period was mainly attributable to the closure of business of Expired Restaurants. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee.

Depreciation

The depreciation was stable at approximately HK$2.5 million and HK$2.6 million for the six-month period ended 30 September 2017 and 2018, respectively.

Property rentals and related expenses

The property rentals and related expenses for the six-month period ended 30 September 2018 amounted to approximately HK$13.6 million, representing a decrease of approximately 20.9% from approximately HK$17.2 million for the six-month period ended 30 September 2017. The decrease in property rentals and related expenses was mainly due to the closure of business of Expired Restaurants, and the effect was partially offset by the commencement of business of the New Franchised Restaurants during the period.

As the Group intends to continue to open new restaurants and expand the restaurant network, the Directors expect that the property rentals and related expenses will increase gradually in the future. Meanwhile, the Directors will continue to seek for better control in the property rental and related expenses, such as entering into long-term rental agreements, so as to maintain the rentals at a reasonable level.

Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. For the six-month periods ended 30 September 2017 and 2018, the total fuel and utility expenses remained largely the same at approximately HK$1.8 million, respectively.

Administrative expenses

The administrative expenses mainly represent expenses incurred for our operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, entertainment, repair and maintenance, insurance, legal and professional fees and marketing and promotion expenses.

Administrative expenses increased from approximately HK$7.5 million for the six-month period ended 30 September 2017 to approximately HK$9.8 million for the six-month period ended 30 September 2018, representing an increase of approximately 30.7%, which was mainly due to renovation reinstatement works in relation to the closure of business of Expired Restaurants during the period.

Income tax expenses

The income tax expenses was stable at approximately HK$1.0 million and HK$0.9 million for the six-month period ended 30 September 2017 and 2018, respectively.

Finance costs

The Group's finance costs increased from approximately HK$0.3 million for the six-month period ended 30 September 2017 to approximately HK$0.9 million for the six-month period ended 30 September 2018. The increase in finance costs was mainly due to the unlisted corporate bonds amounted to approximately HK$21.0 million issued by the Company in August 2017 and September 2017 which bear a fixed interest rate at 8.00% per annum.

(Loss)/profit

The Group recorded a loss of HK$3.7 million for the six-month period ended 30 September 2018 as compared to a profit of approximately HK$2.9 million for the corresponding period in 2017. Reference is made to the announcements of the Company dated 7 August 2018 and 9 October 2018, the loss was mainly due to (i) the increase of the loss arising from change in fair value of financial assets classified as held for trading investments; (ii) decrease in share of result of an associate mainly resulting from closure of a restaurant at the HKIA under the brand "Tasty Congee & Noodle Wantun Shop (正斗)" at the HKIA; (iii) closure of the other Expired Restaurants; (iv) increase in administrative expenses mainly resulting from renovation reinstatement works in relation to the closure of the Expired Restaurants; and (v) the absence of gain on bargain purchase, which was incurred for the six months ended 30 September 2017.

Use of net proceeds from the Listing

The net proceeds from the Listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK$41.3 million. The intended use of proceeds (the "**Intended Use of Proceeds**") as set out in the prospectus of the Company dated 1 August 2016 (the "**Prospectus**") and subsequently amended as summarised in the announcements of the Company dated 9 April 2018 and 9 October 2018 (the "**Announcements**") and the actual use of proceeds from the Listing Date to 9 October 2018 are set forth below:

	Intended use of proceeds HK$'000	Actual use of proceeds from the Listing Date to 9 October 2018 HK$'000
Opening new restaurants in Hong Kong	**10,400**	–
Opening new restaurants under the franchised brands "翰林茶館" and "翰林茶棧" in the urban area of Hong Kong	**9,300**	–
Opening new restaurants in Asia	**11,100**	–
Renovation of restaurants and office	**3,300**	–
Marketing activities (including recruitment, advertisement and promotion activities) to promote brand awareness	**2,300**	1,080
Upgrade existing restaurant facilities and system	**900**	900
Total	**37,300**	1,980

The Directors will constantly evaluate the Group's business objectives and will change or modify the plans against the changing market conditions to suit the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the six-month period ended 30 September 2018.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2018, save for the Group's interests in (a) investment funds ; and (b) associates as set out below, the Group did not hold any significant investments.

Investment Funds

In June 2017, the Group has subscribed for (a) Allianz US High Yield Share Class AM (HKD), a sub-fund of Allianz Global Investors Fund, which is constituted as an open-ended investment company in Luxembourg at an aggregate subscription amount of HK$20 million and (b) AB-Global High Yield Portfolio (AT HKD), a portfolio of AB FCP I, a mutual investment fund domiciled in Luxembourg at an aggregate subscription amount of HK$20 million. Although the Group's investment in funds suffered unrealised loss of amount approximately HK$1.3 million for the six-month period ended 30 September 2018 (for the three-month period ended 30 September 2017: HK$0.7 million) due to unstable global capital market, the Group received dividends of amount approximately HK$1.4 million (for the six-month period ended 30 September 2018: approximately HK$0.7 million). As at 30 September 2018, investment funds amounted to approximately HK$36.2 million (2017: HK$39.0 million).

The Directors considered that the investment funds, with the reputable dividend paid track record, can offer a better return to the Group.

Associates

As at 30 September 2018, the interests in associates amounted to approximately HK$2.5 million (30 September 2017: approximately HK$3.1 million), representing a decrease of approximately HK$0.6 million or 19.4% as compared to that at 30 September 2017. The decrease was mainly due to share of loss of the associates. There is no dividend received and receivable from the associates during the six-month period ended 30 September 2018 (30 September 2017: approximately HK$2.8 million).

The Group's interests in associates comprised its 42% interest of Wingo Hong Kong Investment Limited ("**Wingo**") and 30% interest of HK Star's Local Delicacy Limited ("**HK Star's**"). Wingo operated a restaurant under the brand "Tasty Congee & Noodle Wantun Shop (正斗)" at the HKIA, which ceased operation in May 2018 and HK Star's was dissolved by deregistration in July 2018. The Directors considered that the Group's interests in associates will no longer provide share of profit to the Group.

EVENTS AFTER THE REPORTING PERIOD

On 31 October 2018, Kingdom Star, a wholly-owned subsidiary of the Company, as the purchaser and an independent third party as the vendor entered into the formal sale and purchase agreement in relation to the Group's acquisition of a property situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong (the "**Property**") in a "bare shell" basis for a consideration of HK$29.8 million. On the same day, the acquisition of the Property was completed.

The Property is intended to be held by the Group for its own use as office.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the capital structure of the Company since 31 March 2018.

Cash position

As at 30 September 2018, the cash and cash equivalents of the Group amounted to approximately HK$78.8 million (as at 30 September 2017: approximately HK$76.6 million), which were mainly denominated in Hong Kong dollar, representing an increase of approximately 2.9% as compared to that as at 30 September 2017. The moderate increase was mainly resulted from the net proceeds from the placing of 440,560,000 new ordinary Shares on 5 January 2018 at the placing price of HK$0.105 per Share to not less than six independent placees (the "**Placing**"), partially offset by the redemption of two unlisted corporate bonds at principal amounts of HK$11 million and HK$10 million respectively during the period.

Borrowing

As at 30 September 2018, the total borrowings of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK$13.9 million (at 30 September 2017: approximately HK$29.0 million) and outstanding committed banking facilities amounted to approximately HK$13.1 million (as at 30 September 2017: approximately HK$7.0 million). Among the borrowings,

1. approximately HK$13.1 million (at 30 September 2017: approximately HK$7.0 million) was derived from the bank borrowings which bears interest rate at 4.00% as at 30 September 2018 (at 30 September 2017: from 4.50% to 5.00% per annum); and

2. approximately HK$0.8 million was derived from obligations under a finance lease of the Group's motor vehicle (at 30 September 2017: HK$1.1 million) at 1.99% per annum.

We derived approximately HK$21.0 million from unlisted corporate bonds issued by the Company in August 2017 and September 2017 which bears a fixed interest rate at 8.00% per annum as at 30 September 2017. The two unlisted corporate bonds at principal amounts of HK$11 million and HK$10 million respectively were fully redeemed on 16 August 2018 and 17 September 2018, respectively;

Pledge of assets

As at 30 September 2018, a deposit of HK$7.5 million was pledged by the Group to a bank as security for due performance under a licence agreement for our restaurants operating at HKIA (at 30 September 2017: HK$7.5 million).

Gearing ratio

As at 30 September 2018, the gearing ratio of the Group was approximately 10.3% (at 30 September 2017: approximately 29.6%). The decrease was mainly attributable to the redemption of two unlisted corporate bonds at principal amounts of HK$11,000,000 and HK$10,000,000 respectively during the period and the repayment of bank borrowings during the period. The gearing ratio is calculated based on the total borrowings, which include bank borrowings, unlisted corporate bonds and obligation under a finance lease, divided by the equity attributable to owners of the Company at the end of the respective period.

COMMITMENTS

As at 30 September 2018, the Group had outstanding capital commitments of approximately HK$26.8 million in relation to acquisition of the Property (as at 30 September 2017: HK$0.9 million).

CONTINGENT LIABILITIES

At 30 September 2018, the Group had no significant contingent liabilities (at 30 September 2017: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HK$, United States dollar ("**USD**") and Renminbi ("**RMB**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK$ against the USD as long as this currency is pegged.

Since the transactions and monetary assets denominated in RMB are minimal for the six-month periods ended 30 September 2017 and 2018, the Group considers that there was no significant foreign exchange risk in respect of RMB for both periods.

The Group did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes during the six-month period ended 30 September 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

1. Significant portion of the Group's revenue was derived from our restaurants operating at the HKIA, therefore the Group's operation may be affected by any future plans of the Airport Authority in respect of the HKIA.

2. The Group's revenue derived from restaurants at the HKIA and in urban area in Hong Kong may experience fluctuations from period to period due to seasonality and other factors.

3. During the six-month period ended 30 September 2018, the Group generated all of our revenue in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

Cost of inventories sold, staff costs and property rentals and related expenses contributed the majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of our Group:

1. The Group's business depends on reliable sources of large quantities of food ingredients such as vegetable and meat. The price of food ingredients may continue to rise or fluctuate.

2. Minimum wage requirements in Hong Kong was raised from HK$32.5 per hour to HK$34.5 per hour with effect from 1 May 2017, and may further increase and affect our staff costs in the future.

3. As at 30 September 2018, the Group licensed or leased all the properties for its restaurants operating at the HKIA and in the urban area of Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this announcement, the Group did not have other plans for material investments and capital assets at 30 September 2018.

Comparison of business strategies and actual business progress

An analysis comparing the business objectives as set out in the Prospectus and subsequently amended as summarised in the Announcements with the Group's actual business progress for the period from the Listing Date to the date of this announcement is set out below:

Business strategies as stated in the Prospectus and the Announcements	Actual business progress up to 30 September 2018
Leveraging our leading position to expand our operations at the HKIA	The Group has renovated one existing restaurant in the HKIA under the brand "Chinese Kitchen (中國廚房)". In addition, the Group is in the process of identifying popular restaurant brands to expand its operations at the HKIA through franchising or other cooperation arrangement.
Strategically opening new restaurants in the urban area of Hong Kong	The Group is in the progress of identifying the location.
Streamlining our operation for potential business opportunities	From 31 May 2017 to 30 September 2018, the Group has successfully obtained the franchising rights in Hong Kong of three famous catering brands, including "Du Hsiao Yueh Restaurant (度小月)", which is a household name of Taiwanese cuisine, "Flamingo Bloom", which specializes in crafted floral tea, and "Hanlin Tea Room/Hut (翰林茶館/棧)", which is a famous Taiwanese-style tea restaurant. The first two restaurants under the brand "Du Hsiao Yueh Restaurant (度小月)" commenced operations in Harbour City, Tsim Sha Tsui and Times Square, Causeway Bay in June 2017 and June 2018, respectively, and our first restaurant under the brand "Flamingo Bloom" commenced operations in IFC, Central in July 2018. Apart from this success, the Group will continue to identify other suitable opportunities for franchising, joint venture or other cooperation arrangements with popular restaurant brands.
Tapping into the casual dining market in the Asia	The Group continues to monitor and explore Asia market opportunities for the preparation of our expansion plans in the Asia.
Continue to enhance comparable restaurant sales growth and profitability	The Group will continue to adhere to this objective by (i) increasing sales volume; (ii) optimising restaurant-level staffing; and (iii) maximising the utilisation of food ingredients.

PROSPECT

In addition to the section headed with "Business Review" in page 17 of this announcement, which sets out the details of the recent development of the Group and our strategic objective to continue to strengthen our position in operating restaurants at the HKIA and diversify our business in the urban area of Hong Kong, we have been strategically looking for opportunities to introduce popular restaurant brands to both the HKIA and the urban area of Hong Kong through franchising or other cooperative arrangements. Therefore, we obtained the franchise of certain famous brands, "Du Hsiao Yueh Restaurant (度小月)", "Flamingo Bloom" and "Hanlin Tea Room/Hut (翰林茶館/棧)". In October 2018 and November 2018, the first two restaurants under the brand "Hanlin Tea Room/Hut (翰林茶館/棧)" commenced operations in Harbour City, Tsim Sha Tsui and Grand Plaza, Mong Kok. We are optimistic about the growth prospects for developing restaurants under these brands in Hong Kong and would bring positive returns to the Group in the long run.

Apart from the Hong Kong market, we intend to progressively expand into the Asia casual dining market. Benefiting from our long history of development in the catering industry in Hong Kong and the experience and expertise which we have accumulated throughout the years, and the ongoing growth of casual dining market in the Asia, we plan to pursue a growth strategy by opening restaurants in the coming years in the cities in Asia where we consider having strong market potential. We will keep monitoring and searching for market opportunities and will conduct in-depth research and feasibility studies before embarking on our expansion plan in the Asia.

Further, we have completed the acquisition of a property as office situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong for a consideration of HK$29.8 million in October 2018.

Looking ahead, the Group will endeavor to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Shareholders.

CORPORATE GOVERNANCE PRACTICE

During the period from 1 April 2018 to 30 September 2018, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 15 to the GEM Listing Rules, except for the deviation from Code Provision A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wong is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Wong has been operating and managing the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Wong taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed RaffAello Capital Limited ("**RaffAello**") to be the compliance adviser. As informed by RaffAello, neither RaffAello nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) during the six-month period ended 30 September 2018, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and RaffAello dated 16 December 2015.

COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors or the controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the six-month period ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six-month period ended 30 September 2018.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Interest of controlled corporation	1,500,000,000	56.7%

These 1,500,000,000 Shares are held by Fortune Round Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purpose of the SFO. Mr. Wong Man Wai is the sole director of Fortune Round Limited.

Long positions in underlying shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Ms. Lam Wai Kwan	Beneficial owner	20,000,000	0.76%
Mr. Chan Chak To Raymond	Beneficial owner	20,000,000	0.76%

On 5 October 2016, each of Ms. Lam Wai Kwan and Mr. Chan Chak To Raymond was granted 20,000,000 options exercisable within 10 years from 5 October 2016 to subscribe for Shares at the exercise price of HK$0.163 per Share pursuant to the Share Option Scheme.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Fortune Round Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 30 September 2018, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2018 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholders	Capacity	Number of ordinary shares in interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner *(note 1)*	1,500,000,000	56.7%
Ms. Li Wing Yin	Interest of spouse *(note 2)*	1,500,000,000	56.7%

Notes:

1. Fortune Round Limited is a company incorporated in the British Virgin Islands and wholly owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purposes of the SFO. Mr. Wong Man Wai is the sole director of Fortune Round Limited.

2. Ms. Li Wing Yin is the spouse of Mr. Wong Man Wai. She is deemed to be interested in all the Shares in which Mr. Wong Man Wai is interested under the SFO.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 21 July 2016.

On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one Eligible Participant for a total of 60,000,000 ordinary Shares of HK$0.01 each at the exercise price of HK$0.163 per Share under the Share Option Scheme. A nominal consideration of HK$1.00 was received by the Company from each of the three grantees. As at the date of this announcement, 60,000,000 options had been granted under the Share Option Scheme and no option has been exercised.

The summary of the options granted under the Share Option Scheme that were still outstanding as at 30 September 2018 is as follows:

Name of the grantee	No. of share options outstandings as at 1 April 2018	No. of share options granted during the year ended 30 September 2018	No. of share options exercised during the year ended 30 September 2018	No. of share options adjusted during the year ended 30 September 2018	No. of share options cancelled during the year ended 30 September 2018	No. of share options lapsed during the year ended 30 September 2018	No. of share options outstanding as at 30 September 2018
Mr. Chan Chak To Raymond	20,000,000	–	–	–	–	–	20,000,000
Ms. Lam Wai Kwan	20,000,000	–	–	–	–	–	20,000,000
Employee (in aggregated)	20,000,000	–	–	–	–	–	20,000,000
Total:	60,000,000	–	–	–	–	–	60,000,000

No share option has been granted during the six-month period ended 30 September 2018.

CHANGES IN INFORMATION OF DIRECTORS

With effect from 5 July 2018, Mr. Ma Yiu Ho, Peter resigned from his position of an independent non-executive director and a member of audit committee of Convoy Global Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code:1019).

With effect from 7 November 2018, Mr. Cai Chun Fai resigned from his position of Chief Operating Officer of Well Link Securities Limited, a licensed corporation under the SFO to carry on the regulated activities of dealing in securities and dealings in future contracts.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

CHANGES OF MEMBERS OF THE BOARD AND BOARD COMMITTEES

With effect from 9 August 2018, Mr. Ng Sai Cheong has been appointed as an Independent non-executive Director of the Company and Mr. Cheng Wing Hong has resigned as an independent non-executive Director of the Company. On the same day, Mr. Cheng Wing Hong ceased to be the chairman of the Remuneration Committee, a member of Audit Committee and Nomination Committee and Mr. Ng Sai Cheong has been appointed as member of Remuneration Committee, Audit Committee and Nomination Committee and Mr. Cai Chun Fai has been re-designated as the chairman of the Remuneration Committee. Save as disclosed above, there is no other change of the members of the Board up to the date of this interim results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry with all the Directors, all Directors confirmed that they have complied with the required standard of dealing and the Company's code of conduct regarding securities transactions by the Directors throughout the six-month period ended 30 September 2018.

AUDIT COMMITTEE

The Company has established the audit committee pursuant to a resolution of the Directors passed on 21 July 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the CG Code has been adopted. Among other things, the primary duties of the audit committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong. Mr. Ma Yiu Ho Peter is the chairman of the audit committee. The audit committee has reviewed this interim results announcement of the Group for the six-month period ended 30 September 2018.

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

Hong Kong, 9 November 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 (appointed on 9 August 2018).

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.