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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Royal Catering Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the three months ended 30 June 2019. This announcement, containing the full text of the First Quarterly Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Company’s First Quarterly Report will be dispatched to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the website of the Company at www.hkrcg.com.hk on 12 August 2019.

By order of the Board

Royal Catering Group Holdings Company Limited

Wong Man Wai

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 August 2019

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.hk 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.

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*This report, 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 report 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 report misleading.*



Royal Catering Group Holdings Company Limited

2019

First Quarterly Report

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FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$21.3 million for the three-month period ended 30 June 2019 (three-month period ended 30 June 2018: approximately HK\$24.4 million), representing a decrease of approximately 12.7% 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\$4.1 million for the three-month period ended 30 June 2019 (three-month period ended 30 June 2018: unaudited loss and total comprehensive income attributable to owners of the Company of approximately HK\$2.3 million).
- The basic and diluted loss per share attributable to owners of the Company for the three-month period ended 30 June 2019 were HK0.16 cents (three-month period ended 30 June 2018: the basic and diluted loss per share attributable to owners of the Company of HK0.09 cents).



The board (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three-month period ended 30 June 2019, together with the unaudited comparative figures for the respective corresponding period in 2018 as follows:

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

For the three-month period ended 30 June 2019

		Three-month period ended 30 June	
	Notes	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	21,298	24,390
Cost of inventories sold		(4,159)	(4,324)
Gross profit		17,139	20,066
Other revenue and other income		646	1,179
Staff costs		(9,363)	(7,603)
Depreciation of property, plant and equipment and right-of-use assets		(4,881)	(1,370)
Property rentals and related expenses		(700)	(6,546)
Fuel and utility expenses		(761)	(776)
Unrealised loss arising from change in fair value of financial assets at fair value through profit or loss		(53)	(928)
Administrative expenses		(5,211)	(4,665)
Loss from operations		(3,184)	(643)
Share of result of an associate		(19)	(509)
Finance costs	5	(485)	(500)
Loss before tax	6	(3,688)	(1,652)
Income tax expenses	7	(185)	(448)
Loss and total comprehensive income for the period		(3,873)	(2,100)
Loss and total comprehensive income for the period attributable to:			
Owners of the Company		(4,107)	(2,252)
Non-controlling interests		234	152
		(3,873)	(2,100)
Loss per share attributable to owner of the Company			
Basic and diluted loss per share (HK cents)	8	(0.16)	(0.09)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 30 June 2019

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	(Accumulated losses)/ earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018 (Audited)	26,434	113,760	2,750	(2,660)	140,284	7,291	147,575
Loss and total comprehensive loss for the period	–	–	–	(2,252)	(2,252)	152	(2,100)
At 30 June 2018 (Unaudited)	26,434	113,760	2,750	(4,912)	138,032	7,443	145,475
At 1 April 2019 (Audited)	26,434	113,760	2,750	(21,037)	121,907	11,855	133,762
Application of HKFRS 16 (Note 2)	–	–	–	227	227	152	379
At 1 April 2019 (as restated)	26,434	113,760	2,750	(20,810)	122,134	12,007	134,141
Dividend paid from a subsidiary	–	–	–	–	–	(2,000)	(2,000)
Loss and total comprehensive loss for the period	–	–	–	(4,107)	(4,107)	234	(3,873)
At 30 June 2019 (Unaudited)	26,434	113,760	2,750	(24,917)	118,027	10,241	128,268



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the 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 have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing (the “**Listing**”) with effect from 8 August 2016. The address of the Company’s registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The principal place of business of the Company is Unit 1201, 12th Floor, Great Smart Tower, 230 Wan Chai Road, Wan Chai, 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 of the Company.

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

The unaudited condensed consolidated financial statements (the “**Quarterly 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 Quarterly Financial Statements for the three-month period ended 30 June 2019 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 2019, the principal accounting policies used in the Quarterly Financial Statements for the three-month period ended 30 June 2019 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2019.

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 April 2019. 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 Quarterly Financial Statements except that the Group applied HKFRS 9 Financial Instruments and HKFRS 16 Leases on 1 April 2019 and the effect sets out below.

HKFRS 16 Leases

For the three-month period ended 30 June 2019, the Group has applied HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 April 2019.

Before the application of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 16 Leases *(Continued)*

Upon application of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or the incremental borrowing rate of respective entities if the interest rate implicit to the lease cannot be determined.

At the inception of a contract that contain a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease component from lease components for certain classes of assets if the non-lease components are material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Depreciation is charged on a straight-line basis over the shorter of the lease term or the asset's useful life.

Summary of effects arising from initial application of HKFRS 16

The table below illustrates effect of HKFRS 16 at the date of initial application, 1 April 2019.

	Right-of- Interest use assets HK\$'000	Lease liabilities HK\$'000	Accumulated losses HK\$'000	Non- controlling interests HK\$'000
Closing balance at 31 March 2019 (Audited)	–	–	(21,037)	11,855
Effect arising from initial application of HKFRS 16:				
Remeasurement	43,761	(43,382)	227	152
Opening balance at 1 April 2019 (Unaudited)	43,761	(43,382)	(20,810)	12,007



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Summary of effects arising from initial application of HKFRS 16 *(Continued)*

When measuring lease liabilities for leases that were classified as operating leases, the Group discount future lease payments using the interest rate implicit to the lease or the incremental borrowing rate at the date of commencement of the respective leases. The rate applied range from 4.84% to 5.24%.

	At 1 April 2019 HK\$'000 (Unaudited)
Operating lease commitment at 31 March 2019	48,196
Discounted using the interest rate implicit to the leases:	
Lease liabilities recognised	43,382

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The application of these new and revised HKFRSs is not expected to have material impact on the Quarterly Financial Statements.

The Quarterly Financial Statements for the three-month period ended 30 June 2019 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 catering services through a chain of casual dining food catering services restaurants. Information reported to the Group's management for the purpose of resources 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of products and services:		
Restaurants operations	21,125	23,453
Sales of food	29	791
Franchise fee income	144	146
	21,298	24,390

All of the Group's revenue is derived in Hong Kong.

	Three-month period ended 30 June 2019 HK\$'000 (Unaudited)
Timing of revenue recognition:	
At a point in time	21,154
Over time	144
	21,298

Transaction price allocated to the remaining performance obligation for contracts with customers.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	89	61
Interest on unlisted corporate bonds	–	429
Interest on finance lease	7	10
Interest on lease liabilities	389	–
	485	500

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	4,159	4,324
Amortisation of intangible assets	296	108
Depreciation of property, plant and equipment	4,881	1,370
Lease payments under operating leases in respect of leased assets:		
– Minimum lease payments	–	5,547
– Contingent rents	–	331
	–	5,878
Employee benefit expenses (including directors' remuneration):		
– Salaries, allowance and benefits in kind	9,019	7,322
– Retirement benefit scheme contributions	344	281
	9,363	7,603



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSES

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
— Hong Kong Profits Tax	203	466
Deferred tax:		
— credit for the period	(18)	(18)
	185	448

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from current year the Hong Kong Profits Tax is calculated at 8.25 % on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the three-month period ended 30 June 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. LOSS PER SHARE

The computations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share	(4,107)	(2,252)

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,643,360	2,643,360

The calculation of basic loss per share for the three-month periods 30 June 2018 and 2019 based on the loss for the three-month attributable to owners of the Company and the weighted average number of ordinary shares.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the three-month periods ended 30 June 2018 and 2019, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

9. DIVIDEND

No final dividend has been paid or proposed by the Company since its incorporation. No dividend has been paid or declared by the Company for the three-month period ended 30 June 2019 (for the three-month period ended 30 June 2018: Nil).

10. EVENTS AFTER THE REPORTING PERIOD

No significant event of the Group occurred after the reporting period.



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 both at the Hong Kong International Airport (the “**HKIA**”) and in the urban area of Hong Kong. During the three-month period ended 30 June 2019, we are operating two restaurants under the brands, including “*Chinese Kitchen* (中國廚房)” and “*Macao Harbour* (阿瑪港澳門餐廳)” at the HKIA and seven restaurants under the brands, including “*Du Hsiao Yueh Restaurant* (度小月)”, “*Hanlin Tea Room/Hut* (翰林茶館/棧)”, “*Flamingo Bloom*” and “*Da Shia Taiwan* (大呷台灣)” in the urban area of Hong Kong. Apart from operating branded restaurants, we have also franchised our self-owned 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.

During the three-month period ended 30 June 2018, we were operating four restaurants under the brands, including “*Nosh Café & Bar*”, “*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 and two restaurants under the brand “*Du Hsiao Yueh Restaurant* (度小月)” in Harbour City, Tsim Sha Tsui and Times Square, Causeway Bay. During and subsequent to the three-month period ended 30 June 2018, “*Nosh Café & Bar*”, “*Coffee Express*” and “*Taiwan Beef Noodle* (台灣牛肉麵)” were closed in May 2018, July 2018 and September 2018 (the “**Expired Restaurants**”).

Although we have closed the Expired Restaurants, 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. On the other hand, we have developed a new self-owned brand “*大呷台灣*”, which serves mainly Taiwanese delicacies to the local community. During the three-month period ended 30 June 2019, our second restaurant under the brand “*Flamingo Bloom*” commenced operations in Stanley Plaza, Stanley in April 2019 and our first restaurant under brand “*大呷台灣*” commenced operation in Central in May 2019 (the “**New Restaurants**”).

The Group’s strategic objective is to 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 12.7% from approximately HK\$24.4 million for the three-month period ended 30 June 2018 to approximately HK\$21.3 million for the three-month period ended 30 June 2019. The decrease in revenue was mainly attributable to the closure of the Expired Restaurants, and the effect was partially offset by the commencement of business of the New 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 2.3% from approximately HK\$4.3 million for the three-month period ended 30 June 2018 to approximately HK\$4.2 million for the three-month period ended 30 June 2019. 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 Restaurants.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit, which is equal to revenue minus cost of inventories sold, for the three-month period ended 30 June 2019 was approximately HK\$17.1 million, representing a decrease of approximately 14.9% from approximately HK\$20.1 million for the three-month period ended 30 June 2018. The decrease in gross profit was mainly attributable to the closure of business of Expired Restaurants as explained above.

The gross profit margin for the Group's restaurants operating at the HKIA were 81.4% and 78.8% for the three-months periods ended 30 June 2018 and 2019, respectively. The gross profit margin for the Group's restaurants operating in the urban area of Hong Kong were 83.6% and 81.1% for the three-month periods ended 30 June 2018 and 2019, respectively.

The relatively high and stable gross profit margin for the restaurants operating at the HKIA and in the urban area of Hong Kong for the three-month periods ended 30 June 2018 and 2019 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. For our self-owned restaurants at the HKIA, we outsourced its procurement function to a service provider with a more sophisticated inventory management control. For our franchised restaurants in the urban area of Hong Kong, we outsourced its procurement function under an agreement with a connected person, which constituted connected transactions or continuing connected transaction under Chapter 20 of the GEM Listing Rules (the "CCT"). Details of the CCT are set out under the paragraph headed "Continuing Connected Transactions" of our 2019 annual report dated 28 June 2019.

Other revenue and other income

	Three-month period ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	112	230
Dividend income	405	680
Management fee income	–	43
Sundry income	71	2
Tip income	29	65
Net foreign exchange gain	29	159
Total	646	1,179



MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue and other income primarily consist of interest income, dividend income, management fee income, tips income, net foreign exchange gain and sundry income. The other revenue and other income of the Group decreased by approximately 50.0% from approximately HK\$1.2 million for the three-month period ended 30 June 2018 to approximately HK\$0.6 million for the three-month period 30 June 2019. The decrease in other revenue and other income was mainly attributable to decrease of interest income, dividend income and net foreign exchange gain.

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs of the Group increased by approximately 23.7% from approximately HK\$7.6 million for the three-month period ended 30 June 2018 to approximately HK\$9.4 million during the three-month period 30 June 2019. The increase in staff costs was mainly because the Group has been operating more restaurants operated during the three-month period ended 30 June 2019 than the three-month period ended 30 June 2018. During the three-month period ended 30 June 2019, the Group operated nine restaurants comparing to six restaurants and one take away kiosk during the three-month period ended 30 June 2018.

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 per employee 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

At 30 June 2019, the Group had approximately 165 employees (at 30 June 2018: 173 employees). The decrease in number of staff during the period was mainly attributable to the closure of the Expired Restaurants, and the effect was partially offset by the commencement of business of the New Restaurants. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee.

Depreciation

Our depreciation expenses mainly included the depreciation of right-of-use assets (in respect of the three-month period ended 30 June 2019 only, following the adoption of HKFRS 16 on 1 April 2019), building, leasehold improvements and catering and other equipment.

The depreciation of the Group increased by approximately 250% from approximately HK\$1.4 million for the three-month period ended 30 June 2018 to approximately HK\$4.9 million for the three-month period ended 30 June 2019. The increase in depreciation was mainly attributable to the right-of-use assets recognised, following the adoption of HKFRS 16 on 1 April 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Property rentals and related expenses

The property rentals and related expenses for the three-month period ended 30 June 2019 amounted to approximately HK\$0.7 million, representing a decrease of approximately 89.2% from approximately HK\$6.5 million for the three-month period ended 30 June 2018. The decrease in property rentals and related expenses was mainly due to the reclassification of property rentals expenses under prepayment, following the adoption of HKFRS 16 on 1 April 2019.

Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. For the three-month periods ended 30 June 2018 and 2019, the total fuel and utility expenses was stable at approximately HK\$0.8 million.

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\$4.7 million for the three-month period ended 30 June 2018 to approximately HK\$5.2 million for the three-month period ended 30 June 2019, representing an increase of approximately 10.6%, which was mainly due to increase in certain restaurants operations related expenses, including cleaning expenses and consumables stores, for the three-month period ended 30 June 2019.

Income tax expenses

The income tax expenses for the three-month period ended 30 June 2019 amounted to approximately HK\$0.2 million, representing a decrease of approximately 50.0% as compared with that of approximately HK\$0.4 million for the three-month period ended 30 June 2018. The decrease in income tax expenses was mainly due to the decrease of the taxable profit from our restaurants.

Finance costs

For the three-month period ended 30 June 2019, the finance costs mainly represents interest expenses incurred for bank borrowings, finance lease and lease liabilities. For the three-month periods ended 30 June 2018 and 2019, the finance costs was stable at approximately HK\$0.5 million.

Loss

The Group recorded a loss of approximately HK\$3.9 million for the three-month period ended 30 June 2019 as compared to a loss of approximately HK\$2.1 million for the corresponding period in 2018. The loss was mainly due to (i) the decrease in turnover mainly resulting the closure of Expired Restaurants; (ii) the increase in depreciation expenses mainly resulting from the depreciation of right-of-use assets, following the adoption of HKFRS 16 on 1 April 2019 and (iii) increase in administrative expenses mainly resulting from increase in certain restaurants operations related expenses. The effect was partially offset by the decrease of property rental and related expenses, following the adoption of HKFRS 16 on 1 April 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

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 (as defined below) to 30 June 2019 are set forth below:

	Intended Use of Proceeds HK\$'000 (Unaudited)	Actual use of proceeds from the Listing Date to 30 June 2019 HK\$'000 (Unaudited)
Opening new restaurants in Hong Kong	10,400	4,295
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	5,904
Opening new restaurants in Asia	11,100	–
Renovation of restaurants and office	3,300	3,300
Marketing activities (including recruitment, advertisement and promotion activities) to promote brand awareness	2,300	2,300
Upgrade existing restaurant facilities and system	900	900
Total	37,300	16,699

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.

Use of net proceeds from issue of Shares

Apart from the net proceeds from the Listing, the Company raised funds from the following issue of shares:

- On 13 March 2017, the Company placed an aggregate of 202,800,000 new ordinary Shares at the placing price of HK\$0.15 per share (the “**First Placing**”). The net proceeds from the First Placing, after deducting the placing agent commission and other expenses incurred for the First Placing, amounted to approximately HK\$29.84 million, of which (i) approximately HK\$26.86 million was intended to be used for pursuing potential acquisition opportunities; and (ii) approximately HK\$2.98 million was intended to be used as general working capital of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

- On 5 January 2018, the Company placed 440,560,000 new ordinary Shares at the placing price of HK\$0.105 per share (the “**Second Placing**”). The net proceeds from the Second Placing, after deducting the placing agent commission and other expenses incurred for the Second Placing, amounted to approximately HK\$45.2 million, of which (i) approximately HK\$37.5 million 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 (ii) approximately HK\$7.7 million was intended to be used for opening “*Du Hsiao Yueh* (度小月)” restaurants in Hong Kong.

During the three-month period end 30 June 2019, approximately HK\$0.4 million have been used for opening “*Du Hsiao Yueh* (度小月)” restaurants in Hong Kong. The proceeds were used according to the intentions previously disclosed by the Company.

As at 30 June 2019, unutilised proceeds from the First Placing and the Second Placing were approximately HK\$70.56 million. In line with the intentions previously disclosed by the Company, (i) approximately HK\$26.86 million will be used for pursuing potential acquisition opportunities; and (ii) approximately HK\$37.5 million will be used for acquiring a property in the urban area of Hong Kong to operate a new restaurant by the Group; and (iii) approximately HK\$6.2 million will be used for opening “*Du Hsiao Yueh* (度小月)” restaurants in Hong Kong. Since the Group endeavours to make good use of the unutilised proceeds, there is no fixed timeline when the Group will fully utilise the proceeds from the First Placing and the Second Placing and will continue to monitor and explore suitable opportunities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no other material acquisition or disposal of subsidiaries, associates or joint ventures for the three-month period ended 30 June 2019.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2019, save for the Group’s interests in associates as set out below, the Group did not hold any significant investments.

Associate

At 30 June 2019, the interest in an associate amounted to approximately HK\$0.8 million (30 June 2018: approximately HK\$2.6 million), representing a decrease of approximately HK\$2.6 million or 69.2% as compared to that at 30 June 2018. The decrease was mainly due to the associates’ restaurant operation ceased in May 2018 and paid dividend during the three-month period ended 30 June 2019. Dividend received from the associates amounted approximately HK\$1.7 million during the three-month period ended 30 June 2019 (2018: Nil).

The Group’s interests in an associate comprised its 42% interest of Wingo Hong Kong Investment Limited (“**Wingo**”). Wingo operated a restaurant under the brand “*Tasty Congee & Noodle Wantun Shop* (正斗)” at the HKIA, which ceased operation in May 2018. The Directors considered that the Group’s interest in an associate will no longer provide share of profit to the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the capital structure of the Company since 31 March 2019.

Cash position

As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately HK\$81.9 million (as at 30 June 2018: approximately HK\$103.1 million), which were mainly denominated in Hong Kong dollar, representing a decrease of approximately 20.6% as compared to that as at 30 June 2018. The decrease was mainly resulted from (i) the redemption of two unlisted corporate bonds at principal amounts of HK\$11 million and HK\$10 million, respectively, (ii) the payment of consideration of approximately HK\$29.8 million and the related costs of approximately HK\$2.5 million for the acquisition of a property as office situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong (the **“Property”**), (iii) the payment for the renovation of approximately HK\$9.3 million for the Property and our new self-owned brand restaurant *“Da Shia Taiwan (大呷台灣)”*, and (iv) the payment for renovation and rental deposits in relation to the commence of business of the certain new franchised restaurants in the urban area of Hong Kong of approximately HK\$14.2 million during the period. The effect was partially offset by the redemption of investment funds at the aggregated redemptions price approximately HK\$35.3 million, the details are set out in the Company’s announcement dated 17 May 2019, and the release of the pledged bank deposits into cash and cash equivalents of amount approximately HK\$7.5 million.

Borrowing

As at 30 June 2019, the total borrowings of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$8.2 million (at 30 June 2018: approximately HK\$28.6 million) and outstanding committed banking facilities amounted to approximately HK\$7.6 million (as at 30 June 2018: approximately HK\$6.7 million). Among the borrowings,

1. approximately HK\$7.6 million (at 30 June 2018: approximately HK\$6.7 million) was derived from the bank borrowings which bears interest rate at 4.13% as at 30 June 2019 (at 30 June 2018: from 4.00% per annum);
2. the two unlisted corporate bonds at principal amounts of HK\$11 million and HK\$10 million respectively, which bears a fixed interest rate at 8.00% per annum, were fully redeemed on 16 August 2018 and 17 September 2018, respectively; and
3. approximately HK\$0.6 million was derived from obligations under a finance lease of the Group’s motor vehicle (at 30 June 2018: HK\$0.9 million) at 1.99% per annum (at 30 June 2018: 1.99% per annum).

Pledge of assets

As at 30 June 2019, the Group has no pledge of assets (at 30 June 2018: a deposit in the amount of HK\$7.5 million was pledged by the Group to a bank as security for due performance for a licence agreement for our restaurants operating at HKIA).



MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

As at 30 June 2019, the gearing ratio of the Group was approximately 39.8% (at 30 June 2018: approximately 20.9%). The increase was mainly attributable to the recognition of the lease liabilities of approximately HK\$38.8 million, following the adoption of HKFRS 16 on 1 April 2019. The effect was partially offset by the redemption of two unlisted corporate bonds at principal amounts of HK\$11 million and HK\$10 million on 16 August 2018 and 17 September 2018, respectively. The gearing ratio is calculated based on the total borrowings, which include bank borrowings, unlisted corporate bonds, obligation under a finance lease and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

COMMITMENTS

As at 30 June 2019, the Group had outstanding capital commitments of approximately HK\$1.0 million (at 30 June 2018: approximately HK\$28.3 million in relation to acquisition of the Property).

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant contingent liabilities (at 30 June 2018: 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 three-month periods ended 30 June 2018 and 2019, 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 for the three-month period ended 30 June 2019.

PROSPECT

Our strategic objective is to continue to strengthen our position in operating restaurants at the HKIA and diversify our business in the urban area of Hong Kong, and 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*”, “*Hanlin Tea Room/Hut (翰林茶館/棧)*” and developed new self-owned brand, “*Da Shia Taiwan (大呷台灣)*”. At the date of this report, our third restaurant under the brand “*Du Hsiao Yueh Restaurant (度小月)*” commenced operations in V Walk, Nam Cheong in August 2019, our second restaurant under the brand “*Flamingo Bloom*” commenced operations in Stanley Plaza, Stanley in April 2019. Apart from our franchised restaurants, we have developed the brand “*Da Shia Taiwan (大呷台灣)*”, our new self-owned brand restaurant. Our first “*Da Shia Taiwan (大呷台灣)*” restaurant is situated in Central and was launched in May 2019, serving mainly Taiwanese delicacies to the local community.



MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, reference is made to the announcement of the Company dated 11 April 2019, the restaurant under the brand “Macao Harbour Restaurant (阿瑪港澳門餐廳)” will be closed in October 2019, owing to the license to use the prescribed premises at the HKIA will be terminated on 7 October 2019.

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.

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

CORPORATE GOVERNANCE PRACTICE

The Board recognized that the transparency and accountability are important to a listed company. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of the Shareholders. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the three-month period ended 30 June 2019, except for the deviations of Code Provisions A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the CG 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 Man Wai is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Wong Man Wai 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 Man Wai 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.

COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, 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 three-month period ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year under review.



MANAGEMENT DISCUSSION AND ANALYSIS

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 June 2019, 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 June 2019, 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 June 2019 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 interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner (<i>note 1</i>)	1,500,000,000	56.7%
Ms. Li Wing Yin	Interest of spouse (<i>note 2</i>)	1,500,000,000	56.7%
Keenfull Investments Limited	Beneficial owner (<i>note 3</i>)	238,740,000	9.0%
Mr. Li Chi Keung	Interest of controlled corporation (<i>note 3</i>)	238,740,000	9.0%
Ms. Wong Hoi Ping	Interest of spouse (<i>note 4</i>)	238,740,000	9.0%

Notes:

- 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.
- 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.



MANAGEMENT DISCUSSION AND ANALYSIS

3. Keenfull Investments Limited, a company incorporated in the British Virgin Islands, is wholly owned by Mr. Li Chi Keung. Therefore, Mr. Li Chi Keung is deemed to be interested in the 238,740,000 Shares held by Keenfull Investments Limited for the purpose of the SFO. Mr. Li Chi Keung is the father of Ms. Li Wing Yin and accordingly, the father-in-law of Mr. Wong Man Wai, our controlling shareholder.
4. Ms. Wong Hoi Ping is the spouse of Mr. Li Chi Keung. She is deemed to be interested in all the Shares in which Mr. Li Chi Keung is interested under the SFO.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any interests or short positions of 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 to be kept 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 of the Company at the exercise price of HK\$0.163 per share under the share option scheme adopted by the Company on 21 July 2016. At the date of this report, no option has been exercised.

The summary of the options granted under the Share Option Scheme that were still outstanding as at 30 June 2019 is as follows:

Name of the grantee	No. of share options outstanding as at 1 April 2019	No. of share options granted during the three-month period ended 30 June 2019	No. of share options exercised during the three-month period ended 30 June 2019	No. of share options adjusted during the three-month period ended 30 June 2019	No. of share options cancelled during the three-month period ended 30 June 2019	No. of share options lapsed during the three- month period ended 30 June 2019	No. of share options outstanding as at 30 June 2019
Mr. Chan Chak To Raymond	20,000,000	–	–	–	–	–	20,000,000
Ms. Lam Wai Kwan	20,000,000	–	–	–	–	–	20,000,000
Employee (in aggregate)	20,000,000	–	–	–	–	–	20,000,000
Total:	60,000,000	–	–	–	–	–	60,000,000

No share option has been granted during the three-month period ended 30 June 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

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 three-month period ended 30 June 2019.

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 Quarterly Financial Statements of the Group for the three-month period ended 30 June 2019.

By order of the Board

Royal Catering Group Holdings Company Limited

Wong Man Wai

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 August 2019

At the date of this report, 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.