

# 皇 璽 集 團

控 股 國 際 有 限 公 司

ROYAL GROUP HOLDINGS  
International Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300



INTERIM REPORT

2022

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*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of Royal Group Holdings International Company Limited (formerly known as 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 GROUP HOLDINGS INTERNATIONAL COMPANY LIMITED

INTERIM REPORT

2022

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## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$14.1 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$22.7 million), representing a decrease of approximately HK\$8.6 million or 37.9% over the corresponding period.
- The Group recorded an unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$8.0 million for the six months ended 30 September 2022 (six months ended 30 September 2021: unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$0.6 million).
- The basic and diluted loss per share attributable to owners of the Company for the six months ended 30 September 2022 was HK0.30 cents (six months ended 30 September 2021: the basic and diluted loss per share attributable to owners of the Company of HK0.02 cents).
- The board of Directors (the “**Board**”) has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2022, together with the unaudited comparative figures for the respective corresponding period in 2021 as follows:

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

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>14,133</b>	22,749
Cost of inventories sold		<b>(3,273)</b>	(4,898)
<b>Gross profit</b>		<b>10,860</b>	17,851
Other revenue and other income		<b>1,667</b>	6,250
Staff costs		<b>(8,833)</b>	(10,502)
Depreciation expenses		<b>(2,648)</b>	(2,113)
Property rentals and related expenses		<b>(496)</b>	(856)
Fuel and utility expenses		<b>(780)</b>	(949)
Administrative expenses		<b>(7,365)</b>	(8,904)
<b>(Loss)/profit from operations</b>		<b>(7,595)</b>	777
Share of result of an associate		-	(1)
Finance costs	5	<b>(375)</b>	(517)
<b>(Loss)/profit before tax</b>	6	<b>(7,970)</b>	259
Income tax expenses	7	<b>(104)</b>	(868)
<b>Loss and total comprehensive loss for the period</b>		<b>(8,074)</b>	(609)
<b>Loss and total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(8,013)</b>	(609)
Non-controlling interests		<b>(61)</b>	-
		<b>(8,074)</b>	(609)
<b>Loss per share attributable to owner of the Company</b>			
Basic and diluted loss per share (HK cents)	8	<b>(0.30)</b>	(0.02)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2022

	<i>Notes</i>	<b>At 30 September 2022 HK\$'000 (Unaudited)</b>	<b>At 31 March 2022 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>895</b>	72
Right-of-use assets	11	<b>12,670</b>	4,879
Intangible assets	13	<b>735</b>	775
Interest in an associate		<b>–</b>	14
Rental deposits and prepayments	15	<b>2,214</b>	1,131
Deferred tax asset		<b>770</b>	770
		<b>17,284</b>	7,641
<b>Current assets</b>			
Inventories		<b>3,558</b>	171
Trade receivables	14	<b>339</b>	139
Loan receivables		<b>2,087</b>	1,967
Deposits, prepayments and other receivables	15	<b>5,600</b>	3,284
Prepaid tax		<b>552</b>	480
Cash and cash equivalents		<b>42,063</b>	60,672
		<b>54,199</b>	66,713
<b>Current liabilities</b>			
Trade payables	16	<b>538</b>	1,007
Accruals and other payables		<b>8,658</b>	9,229
Tax payables		<b>78</b>	–
Bank borrowings	17	<b>12,917</b>	14,854
Lease liabilities	12	<b>6,489</b>	4,482
		<b>28,680</b>	29,572
<b>Net current assets</b>		<b>25,519</b>	37,141
<b>Total assets less current liabilities</b>		<b>42,803</b>	44,782

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2022

	<i>Notes</i>	<b>At 30 September 2022 HK\$'000 (Unaudited)</b>	<b>At 31 March 2022 HK\$'000 (Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	<b>7,409</b>	1,607
Deferred tax liability		<b>121</b>	128
		<b>7,530</b>	1,735
<b>Net assets</b>			
		<b>35,273</b>	43,047
<b>Capital and reserve</b>			
Share capital	18	<b>26,434</b>	26,434
Reserves		<b>8,839</b>	16,613
<b>Total equity</b>			
		<b>35,273</b>	43,047

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2022

	Attributable to owners of the Company				Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000 <i>(Note)</i>	Accumulated losses HK\$'000			
At 1 April 2021 (Audited)	26,434	113,760	2,750	(89,719)	53,225	–	53,225
Loss and total comprehensive loss for the period	–	–	–	(609)	(609)	–	(609)
At 30 September 2021 (Unaudited)	26,434	113,760	2,750	(90,328)	52,616	–	52,616
At 1 April 2022 (Audited)	<b>26,434</b>	<b>113,760</b>	<b>2,750</b>	<b>(99,897)</b>	<b>43,047</b>	<b>–</b>	<b>43,047</b>
Capital injection into a subsidiary by non-controlling interests	–	–	–	–	–	<b>300</b>	<b>300</b>
Loss and total comprehensive loss for the period	–	–	–	<b>(8,013)</b>	<b>(8,013)</b>	<b>(61)</b>	<b>(8,074)</b>
<b>At 30 September 2022 (Unaudited)</b>	<b>26,434</b>	<b>113,760</b>	<b>2,750</b>	<b>(107,910)</b>	<b>35,034</b>	<b>239</b>	<b>35,273</b>

*Note:* Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2022*

	<b>For the six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(15,902)</b>	(722)
Net cash (used in)/generated from investing activities	<b>(574)</b>	33,825
Net cash used in financing activities	<b>(2,133)</b>	(8,971)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,609)</b>	24,132
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>60,672</b>	44,862
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>42,603</b>	68,994

## 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 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business of the Company is Unit 603, 6/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon, 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 “**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 months ended 30 September 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules. The Interim Financial Statements for the six months ended 30 September 2022 should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2022 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”). 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 April 2022, the principal accounting policies used in the Interim Financial Statements for the six months ended 30 September 2022 are consistent with those adopted in the preparation of the Company’s audited consolidated financial statements for the year ended 31 March 2022.

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 2022. 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 Interim Financial Statements for the six months ended 30 September 2022 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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.

### 4. REVENUE

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b><i>Type of products and services:</i></b>		
Restaurants operations	<b>14,133</b>	22,749

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

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b><i>Timing of revenue recognition:</i></b>		
At a point in time	<b>14,133</b>	22,749

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transact price allocated to these unsatisfied contracts is not disclosed.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank borrowings	196	242
Interest on lease liabilities	179	275
	<b>375</b>	517

## 6. (LOSS)/PROFIT BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cost of inventories sold	3,273	4,898
Amortisation of intangible assets	40	63
Depreciation of property, plant and equipment	51	617
Depreciation of right-of-use assets	2,597	1,496
Employee benefit expenses (including Directors' remuneration):	8,833	10,502
— Salaries, allowance and benefits in kind	8,592	10,157
— Retirement benefit scheme contributions	241	345

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax		
— Hong Kong Profit Tax	111	878
Deferred tax		
— Credit for the period	(7)	(10)
	<b>104</b>	868

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, the Hong Kong Profits Tax of the qualifying group entity 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 for both periods.

## 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:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>(8,013)</b>	(609)

	Six months ended 30 September	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>2,643,360</b>	2,643,360

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both periods.

### 9. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, there was an increase in property, plant and equipment of the Group of approximately HK\$0.8 million (six months ended 30 September 2021: the Group disposed of a property in Hong Kong with a carrying amount of approximately HK\$30.8 million).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. RIGHT-OF-USE ASSETS

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Carrying amount of:		
Restaurants	12,658	4,815
Motor vehicles	12	64
Total	12,670	4,879

## 12. LEASE LIABILITIES

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Lease liabilities payables:		
Within one year	6,489	4,482
Within a period of more than one year but not more than two years	4,384	1,418
Within period of more than two years but not more than five years	3,025	189
Present value of lease liabilities	13,898	6,089
Less: amounts due for settlement within 12 months shown under current liabilities	(6,489)	(4,482)
Amounts due for settlement after 12 months shown under non-current liabilities	7,409	1,607

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. INTANGIBLE ASSETS

The intangible assets represents the sole and exclusive rights, licence and franchise of the famous Taiwan catering brand “Du Hsiao Yueh (度小月)” to establish, manage, run and operate the various restaurants, food outlets and beverage shops in Hong Kong over the period of 15 years.

The assets are amortised on a straight-line basis over the period of 15 years. The Directors concluded that there is no impairment as at 30 September 2022.

### 14. 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 7 days after the service rendered date. The credit terms of the Group’s trade receivables granted to airlines and other corporate customers are generally ranging from 1 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 expected credit loss (“ECL”):

	<b>At 30 September 2022 HK\$’000 (Unaudited)</b>	<b>At 31 March 2022 HK\$’000 (Audited)</b>
0–30 days	<b>127</b>	105
31–60 days	<b>87</b>	21
61–90 days	<b>61</b>	8
Over 90 days	<b>64</b>	5
	<b>339</b>	139

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Deposits	5,121	3,273
Prepayments	2,667	1,129
Other receivables, net of allowance for ECL	26	13
	<b>7,814</b>	4,415
Less: Non-current portion	<b>(2,214)</b>	(1,131)
Current portion	<b>5,600</b>	3,284

## 16. TRADE PAYABLES

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

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
0–30 days	313	397
31–60 days	68	349
61–90 days	6	109
Over 90 days	151	152
	<b>538</b>	1,007

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. BANK BORROWINGS

	<b>At 30 September 2022 HK\$'000 (Unaudited)</b>	At 31 March 2022 HK\$'000 (Audited)
Secured bank borrowings	<b>12,917</b>	14,854
Carrying amounts (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:		
— Within one year	<b>3,875</b>	3,875
— More than one year but less than five years	<b>9,042</b>	10,979
	<b>12,917</b>	14,854

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

At 30 September 2022, all bank borrowings were guaranteed by Mr. Wong (31 March 2021: all bank borrowings were guaranteed by Mr. Wong).

At 30 September 2022, all bank borrowings were interest bearing at HK\$ prime rate minus a spread (31 March 2022: HK\$ prime rate minus a spread). The effective interest rate on the bank borrowings was 2.75% (31 March 2022: 2.75%) per annum.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 18. SHARE CAPITAL

	Number of shares		Share capital	
	At 30 September 2022 '000 (Unaudited)	At 31 March 2022 '000 (Audited)	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Ordinary share of HK\$0.01 each				
<b>Authorised:</b>				
At the beginning/end of the reporting period	<b>20,000,000</b>	20,000,000	<b>200,000</b>	200,000
<b>Issued and fully paid:</b>				
At the beginning/end of the reporting period	<b>2,643,360</b>	2,643,360	<b>26,434</b>	26,434

## 19. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed, the Group had no other material transactions with related parties during the period.

## 20. EVENTS AFTER THE REPORTING PERIOD

Pursuant to a special resolution passed at the annual general meeting of the Company held on 19 September 2022 and approved by the Companies Registry in Hong Kong and the Registrar of Companies in the Cayman Islands, the name of the Company was changed from Royal Catering Group Holdings Limited to Royal Group Holdings International Company Limited. The Chinese name of the Company was changed from “皇璽餐飲集團控股有限公司” to “皇璽集團控股國際有限公司”, which is part of its legal name registered in the Cayman Islands. For further details, please refer to the Company’s announcement dated 3 November 2022.

## 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 in the urban area of Hong Kong. At 30 September 2022, we had four restaurants in operation (as at 31 March 2022: three).

During the six months ended 30 September 2021 and 2022, we operated the following restaurants:

Brand name	Location	Self-owned/ franchised brand	Operations during the six months ended		Proportion of ownership interest of the restaurants held by the Group as at	
			30 September 2022	2021	30 September 2022	2021
Chinese Kitchen (中國廚房)	Hong Kong International Airport	Self-owned	–	(Note 1)	–	100%
Dashia Tainan (大呷台灣)	Central	Self-owned	✓	✓	100%	100%
Du Hsiao Yueh Restaurant (度小月)	Harbour City, Tsim Sha Tsui	Franchised	✓	✓	100%	100%
Du Hsiao Yueh Restaurant (度小月)	Times Square, Causeway Bay	Franchised	✓ (Note 4)	✓	100%	100%
Du Hsiao Yueh Restaurant (度小月)	V Walk, Nam Cheong	Franchised	–	✓ (Note 2)	100%	100%
Du Hsiao Yueh Restaurant (度小月)	Jaffe Road, Causeway Bay	Franchised	(Note 4)	N/A	100%	N/A
Du Hsiao Yueh Restaurant (度小月)	Portland Street, Mong Kok	Franchised	(Note 5)	N/A	100%	N/A
Hanlin Tea Room/Hut (翰林茶館/棧)	Harbour City, Tsim Sha Tsui	Franchised	–	✓ (Note 3)	100%	100%

#### Notes:

1. “Chinese Kitchen (中國廚房)” at the Hong Kong International Airport was temporarily closed from 10 February 2020 and the lease with the Hong Kong International Airport was expired with effect from 1 October 2021.
2. “Du Hsiao Yueh Restaurant (度小月)” in V Walk, Nam Cheong was closed on 31 October 2021.
3. “Hanlin Tea Room/Hut (翰林茶館/棧)” in Harbour City, Tsim Sha Tsui was closed on 31 August 2021.
4. “Du Hsiao Yueh Restaurant (度小月)” in Times Square, Causeway Bay was closed in August 2022 and was relocated to Jaffe Road, Causeway Bay which commenced operations in October 2022.
5. “Du Hsiao Yueh Restaurant (度小月)” in Portland Street, Mong Kok will commence operations in December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the Company's announcement dated 10 September 2020, the Group has obtained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong). During the six months ended 30 September 2022, the Group recognised interest income on loan receivables of approximately HK\$0.1 million (six months ended 30 September 2021: nil).

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group decreased by approximately HK\$8.6 million or 37.9% from approximately HK\$22.7 million for the six months ended 30 September 2021 to approximately HK\$14.1 million for the six months ended 30 September 2022. The decrease in revenue was mainly attributable to the negative impacts of the outbreak of COVID-19 pandemic during the six months ended 30 September 2022, the closure of "Hanlin Tea Room/Hut (翰林茶館/棧)" in Harbour City in August 2021 and "Du Hsiao Yueh Restaurant (度小月)" in V Walk, Nam Cheong in October 2021 (which contributed revenue for the six months ended 30 September 2021 but not for the six months ended 30 September 2022) and the relocation of "Du Hsiao Yueh Restaurant (度小月)" in Times Square, Causeway Bay to Jaffee Road, Causeway Bay which led to temporary closure of business in August 2022 (the "Restaurants").

#### Cost of inventories sold

Cost of inventories sold primarily consisted of the cost of all the food and beverages used in restaurant operations. The cost of inventories sold of the Group decreased by approximately HK\$1.6 million or 32.7% from approximately HK\$4.9 million for the six months ended 30 September 2021 to approximately HK\$3.3 million for the six months ended 30 September 2022. The decrease in cost of inventories sold was mainly attributable to the decrease in revenue and the cessation of business of the Restaurants during the corresponding period.

#### Gross profit and gross profit margin

The Group's gross profit, which is equal to revenue minus cost of inventories sold, for the six months ended 30 September 2022 was approximately HK\$10.9 million, representing a decrease of approximately 39.1% from approximately HK\$17.9 million for the six months ended 30 September 2021. The decrease in gross profit was mainly attributable to the decrease in revenue and the cessation of business of the Restaurants during the corresponding period.

The gross profit margin for the Group's restaurants were 78.5% and 76.8% for the six months ended 30 September 2021 and 2022, respectively. The relatively high and stable gross profit margin for the restaurants operating for the six-month periods ended 30 September 2021 and 2022 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other revenue and other income

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income on bank balances	1	18
Interest income on loan receivables	120	–
Government grant	1,472	100
Gain on disposal of a property	–	3,041
Sundry income	74	16
Covid-19 related rental concession	–	3,075
<b>Total</b>	<b>1,667</b>	<b>6,250</b>

Other revenue and other income primarily consist of interest income, government grant, sundry income, gain on disposal of a property and Covid-19 related rental concession. The other revenue and other income of the Group decreased by approximately 73.0% from approximately HK\$6.3 million for the six months ended 30 September 2021 to approximately HK\$1.7 million for the six months ended 30 September 2022. The decrease in other revenue and other income was mainly attributable to the one-off gain on disposal of a property recognised for the six months ended 30 September 2021 and the significant decrease in Covid-19 related rental concession, the effect was partially offset by the increase in government grant for the period.

### Staff costs and employees

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs of the Group decreased by approximately 16.2% from approximately HK\$10.5 million for the six months ended 30 September 2021 to approximately HK\$8.8 million for the six months ended 30 September 2022. At 30 September 2022, the Group had 64 employees (at 30 September 2021: 75 employees). The decrease in number of employees was mainly due to the Group's cost control measures to ensure that the staff resources of the Group are deployed efficiently during the six months ended 30 September 2022 as compared to the same period of 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Depreciation

Our depreciation expenses mainly included the depreciation of right-of-use assets, building, leasehold improvements and catering and other equipment, remained stable and amounted to approximately HK\$2.1 million and HK\$2.6 million for the six months ended 30 September 2021 and 2022, respectively.

### Property rentals and related expenses

The property rentals and related expenses remained stable and amounted to approximately HK\$0.9 million and HK\$0.5 million for the six months ended 30 September 2021 and 2022, respectively.

### Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. The fuel and utility expenses of the Group remained stable and amounted to approximately HK\$0.9 million and HK\$0.8 million for the six months ended 30 September 2021 and 2022, 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 decreased from approximately HK\$8.9 million for the six months ended 30 September 2021 to approximately HK\$7.4 million for the six months ended 30 September 2022, representing a decrease of approximately 16.9%, which was mainly due to the decrease in certain administration items, including marketing and promotion expenses, cleaning expenses and repair and maintenance during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income tax expenses

The Group's income tax expenses amounted to approximately HK\$0.1 million for the six months ended 30 September 2022, as compared with the income tax expenses of approximately HK\$0.9 million for the six months ended 30 September 2021. The decrease in income tax expenses was mainly due to the decrease in taxable income of our existing restaurants for the six months ended 30 September 2022.

### Finance costs

The Group's finance costs remained stable at approximately HK\$0.5 million and HK\$0.4 million for the six months ended 30 September 2021 and 2022, respectively.

### Loss

The Group recorded a loss of approximately HK\$8.1 million for the six months ended 30 September 2022 as compared to a loss of approximately HK\$0.6 million for the corresponding period in 2021. The increase in loss was mainly attributable to (i) a significant drop in revenue, which was mainly due to the negative impacts of the outbreak of COVID-19 pandemic during the six months ended 30 September 2022, the closure of "Hanlin Tea Room/Hut (翰林茶館/棧)" in Harbour City in August 2021 and "Du Hsiao Yueh Restaurant (度小月)" in V Walk, Nam Cheong in October 2021 (which contributed revenue for the six months ended 30 September 2021 but not for the six months ended 30 September 2022) and the relocation of "Du Hsiao Yueh Restaurant (度小月)" in Times Square, Causeway Bay to Jaffee Road, Causeway Bay which led to temporary closure of business in August 2022; (ii) the significant decrease in Covid-19-related rental concession; (iii) the effect of the one-off gain on disposal of a property recognised during the six months ended 30 September 2021, partially offset by (iv) the decrease in administrative expenses.

### Use of unutilised 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 was set out in the prospectus of the Company dated 1 August 2016 (the "**Prospectus**") and has been subsequently amended as summarised in the announcements of the Company dated 9 April 2018, 9 October 2018 and 24 June 2020 (the "**Announcements**"). The Company has fully utilised all the proceeds from the Listing before 31 March 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 ordinary shares of the Company (“**Shares**”):

1. On 13 March 2017, the Company placed an aggregate of 202,800,000 new ordinary Shares to not less than six placees, who were independent third parties 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. The net price per First Placing Share was approximately HK\$0.147 and the closing price on the date of the First Placing agreement was HK\$0.121 per Share.
2. On 5 January 2018, the Company placed 440,560,000 new ordinary Shares to not less than six placees, who were independent third parties 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. The net price per Second Placing Share was approximately HK\$0.103 and the closing price on the date of the Second Placing agreement was HK\$0.101 per Share.

As disclosed in the Company’s announcements dated 24 June 2020 and 7 April 2022, the intended use of unutilised proceeds from the First Placing and the Second Placing (the “**Placings Proceeds**”) was adjusted. The Company has fully utilised all the proceeds from the First Placing before 31 March 2022. The amount of unutilised proceeds from the Second Placing and the intended use at 31 March 2022 and 30 September 2022 and the actual use of the proceeds from the Second Placing from 1 April 2022 to 30 September 2022 are set forth below:

<b>Intended use</b>	<b>Amount of unutilised Placings Proceeds as at 31 March 2022</b>	<b>Actual use of the Placings Proceeds from 1 April 2022 to 30 September 2022</b>	<b>Amount of unutilised Placings Proceeds as at 30 September 2022</b>
	HK\$'000	HK\$'000	HK\$'000
General working capital for the Group’s businesses	37,500	15,528	21,972

The Company intends to utilise the unutilised Placings Proceeds as soon as practicable by 31 March 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures for the six months ended 30 September 2022.

### SIGNIFICANT INVESTMENTS HELD

During the six months ended and as at 30 September 2022, the Group did not hold any significant investments.

### LIQUIDITY AND FINANCIAL RESOURCES

#### Capital structure

There has been no material change in the capital structure of the Company since 31 March 2022.

#### Cash position

At 30 September 2022, the cash and cash equivalents of the Group amounted to approximately HK\$42.1 million (at 31 March 2022: approximately HK\$60.7 million), which were mainly denominated in Hong Kong dollar. The Group's cash and cash equivalents supported the Group's daily business operations during the period under the Pandemic.

#### Borrowing

At 30 September 2022 the total borrowings of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$26.8 million (at 31 March 2022: approximately HK\$20.9 million) and the Group had approximately HK\$12.9 million of outstanding committed banking facilities (at 31 March 2022: approximately HK\$14.9 million), further details of which are set out below:

1. approximately HK\$12.9 million (at 31 March 2022: approximately HK\$14.9 million) was derived from the bank borrowings which bears interest rate at 2.75% per annum as at 30 September 2022 (at 31 March 2022: 2.75% per annum); and
2. approximately HK\$13.9 million was derived from lease liability of the Group's restaurants and motor vehicle (at 31 March 2022: HK\$6.0 million), which had interest rate ranging from 1.81% to 5.19% per annum (at 31 March 2022: ranging from 1.81% to 5.19% per annum).

#### Pledge of assets

At 30 September 2022, motor vehicles with carrying amount of approximately HK\$12,000 were pledged (at 31 March 2022: HK\$64,000).

#### Gearing ratio

At 30 September 2022, the gearing ratio of the Group was approximately 76.5% (as at 31 March 2022: approximately 48.7%). The increase was mainly attributable to the increase in lease liabilities and decrease in the equity attributable to owners of the Company. The gearing ratio is calculated based on the total borrowings, which include bank borrowings and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMMITMENTS

At 30 September 2022, the Group had no significant capital commitments (at 31 March 2022: Nil).

### CONTINGENT LIABILITIES

At 30 September 2022, the Group had no significant contingent liabilities (at 31 March 2022: Nil).

### FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HK\$ 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.

Since the transactions and monetary assets denominated in RMB are minimal for the six months ended 30 September 2021 and 2022, 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 six months ended 30 September 2021 and 2022.

### TREASURY POLICIES AND RISK MANAGEMENT

The main objective of the Group’s treasury policies is to seek capital appreciation with the surplus fund in short term and non-speculative in nature. The surplus fund is the fund after reserving the working capital requirement for the next 12-month period of the Group and excluding any unused proceeds from the listing and other fund raising activities by the Company including the Placing (as defined above). The investment activities of the Group shall be undertaken by the Investment Committee. Details of the Investment Committee is set out in the section “Corporate Governance Report” of 2022 annual report dated 24 June 2022.

At 30 September 2022, the Group’s credit risk is primarily attributable to trade receivables, deposits, other receivables and cash and cash equivalents.

At 30 September 2022, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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. The Group's revenue derived from restaurants in Hong Kong may experience fluctuations from period to period due to seasonality and other factors.
2. All of the Group's revenue was derived from the restaurants in urban area in Hong Kong during the period under review, therefore the Group's operation may be affected by any future development in urban area of Hong Kong.
3. During the six months ended 30 September 2022, 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. As disclosed above, the Group's revenue decreased due to the outbreak of the Pandemic.

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\$34.5 per hour to HK\$37.5 per hour with effect from 1 May 2019, and may further increase and affect our staff costs in the future.
3. At 30 September 2022, the Group licensed or leased all the properties for its restaurants operating 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 report, the Group did not have other plans for material investments and capital assets at 30 September 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

Our strategic objective is to continue to strengthen our position in operating restaurants in the urban area of Hong Kong, and strategically looking for opportunities to introduce popular restaurant brands to the urban area of Hong Kong through franchising or other cooperative arrangements.

However, due to the adverse impact of the internal and external environment such as economic recession and the Pandemic, we decided to take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future. In view of these uncertainties and the existing market conditions, we will focus on maintaining sufficient general working capital to support the daily business operation of the Group, and will carefully look at the business trends as well to determine if there is a strong entrepreneurial environment for us to lean on. We shall thus remain conservative and prudent towards its profitability in the coming months and will continue to manage the Group's expenditure and keep monitoring and searching for market opportunities for our expansion plan in order to improve financial performance.

Looking ahead, we 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 shares of the Company (the “**Shares**”) have been successfully listed on the GEM of the Stock Exchange on 8 August 2016 (the “**Listing Date**”). 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 six months ended 30 September 2022, except for the deviations of code provision C.2.1 of Part 2 of the CG Code.

### CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of Part 2 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. Currently, 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. It provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Wong Man Wai. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Wong Man Wai is the most suitable person to occupy both positions for effective management of the Group. Therefore, the Board considers that the deviation from code provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 six months ended 30 September 2022.

### 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 period under review.

### 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

At 30 September 2022, 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 Shares interested	Percentage of shareholding
Mr. Wong Man Wai	Interest of controlled corporation <sup>(Note 1)</sup>	1,500,000,000	56.7%
	Beneficial owner <sup>(Note 2)</sup>	162,120,000	6.2%

Notes:

- 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.
- 162,120,000 Shares are held by Mr. Wong Man Wai in his own name.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Long positions in underlying Shares

Name of Director	Capacity	Number of 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, at 30 September 2022, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

At 30 September 2022 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 Shares 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)	1,662,120,000	62.9%
Keenfull Investments Limited	Beneficial owner (note 3)	317,280,000	12.0%
Mr. Li Chi Keung	Interest of controlled corporation (note 3)	317,280,000	12.0%
Ms. Wong Hoi Ping	Interest of spouse (note 4)	317,280,000	12.0%

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.
- 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 317,280,000 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.
- 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, at 30 September 2022, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 September 2022 is as follows:

Name of the grantee	Position	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK\$)	No. of share options outstanding as at 1 April 2022	No. of	No. of	No. of	No. of	No. of share options outstanding as at 30 September 2022
							share options granted during the six months ended 30 September 2022	share options exercised during the six months ended 30 September 2022	share options cancelled during the six months ended 30 September 2022	share options lapsed during the six months ended 30 September 2022	
Mr. Chan Chak To Raymond	Executive Director	5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	20,000,000	-	-	-	-	20,000,000
Mrs. Lam Wai Kwan	Executive Director	5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	20,000,000	-	-	-	-	20,000,000
Employee (in aggregate)		5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	20,000,000	-	-	-	-	20,000,000
						60,000,000	-	-	-	-	60,000,000

No share option has been granted during the six months ended 30 September 2022.

## 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 Rules 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 months ended 30 September 2022.

### AUDIT COMMITTEE

The Company has established the audit committee pursuant to a resolution of the Directors passed on 21 July 2016 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Written terms of reference in compliance with code provisions D.3.3 and D.3.7 of Part 2 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 auditor of the Company has not audited or reviewed the Interim Financial Statements of the Group, but the audit committee has reviewed the Interim Financial Statements of the Group for the six months ended 30 September 2022.

By order of the Board

**Royal Group Holdings International Company Limited**

**Wong Man Wai**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 8 November 2022

*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.*