



# 皇璽餐飲

集團控股有限公司

ROYAL CATERING

Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300

## 2016

First Quarterly Report

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET “GEM” OF THE STOCK EXCHANGE OF HONG KONG LIMITED THE “STOCK EXCHANGE”**

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*This report, for which the directors (the “Directors”) of Royal Catering Group Holdings Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.*



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## Financial Highlights

- The Group recorded an unaudited revenue of approximately HK\$23.5 million for the three-month period ended 30 June 2016 (three-month period ended 30 June 2015: approximately HK\$31.9 million), representing a decrease of approximately 26.3% over the same period of the previous year.
- The Group recorded an unaudited profit and total comprehensive income attributable to the equity shareholders of the Company of approximately HK\$2.0 million for the three-month period ended 30 June 2016 (three-month period ended 30 June 2015: approximately HK\$4.2 million).
- The basic and diluted earnings per share attributable to owner of the Company for the three-month ended 30 June 2016 was HK0.10 cents (three-month period ended 30 June 2015: HK0.21 cents).

## FIRST QUARTERLY UNAUDITED RESULTS

The board (the “Board”) of Directors of the Company is pleased to announce the unaudited condensed consolidated results of the Company and the subsidiaries (collectively referred to as the “Group”) for the three-month period ended 30 June 2016, together with the unaudited comparative figures for the respective corresponding period in 2015, as follows:

### Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three-month period ended 30 June 2016

	Notes	Three-month period ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>23,546</b>	31,933
Cost of inventories sold		<b>(4,441)</b>	(7,183)
<b>Gross profit</b>		<b>19,105</b>	24,750
Other revenue and other income		<b>682</b>	540
Staff costs		<b>(6,625)</b>	(9,918)
Depreciation of property, plant and equipment		<b>(579)</b>	(960)
Property rentals and related expenses		<b>(6,889)</b>	(7,875)
Fuel and utility expenses		<b>(926)</b>	(1,498)
Administrative expenses		<b>(4,023)</b>	(2,212)
<b>Profit from operations</b>		<b>745</b>	2,827
Share of result of an associate		<b>1,971</b>	2,279
Finance costs		<b>(85)</b>	(95)
<b>Profit before tax</b>	4	<b>2,631</b>	5,011
Income tax expenses	5	<b>(673)</b>	(827)
<b>Profit and total comprehensive income for the period</b>		<b>1,958</b>	4,184
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>1,958</b>	4,199
Non-controlling interests		<b>–</b>	(15)
		<b>1,958</b>	4,184
<b>Earnings per share attributable to owner of the Company</b>			
Basic and diluted earnings per share (HK cents)	6	<b>0.10</b>	0.21

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three-month period ended 30 June 2016

	Attributable to owners of the Company			Non-controlling interests	Total equity
	Share capital	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	–	46,474	46,474	(616)	45,858
Profit and total comprehensive income for the period	–	4,199	4,199	(15)	4,184
At 30 June 2015 (unaudited)	–	50,673	50,673	(631)	50,042
At 1 April 2016 (audited)	–	15,608	15,608	(453)	15,155
Profit and total comprehensive income for the period	–	1,958	1,958	–	1,958
Dividends paid	–	(3,000)	(3,000)	–	(3,000)
Non-controlling interests written off upon deregistration of a subsidiary	–	–	–	453	453
<b>At 30 June 2016 (unaudited)</b>	<b>–</b>	<b>14,566</b>	<b>14,566</b>	<b>–</b>	<b>14,566</b>

# 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 and traded on the GEM of the Stock Exchange with effect from 8 August 2016. The address of its registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is at Room 1207, 12/F., Wing On Kowloon Centre, No. 345 Nathan Road, Kowloon, Hong Kong. Its ultimate holding company is Fortune Round Limited, a company incorporated in the British Virgin Islands with limited liabilities.

Pursuant to a corporate reorganization (the “**Reorganisation**”), details of which were disclosed in the section headed “**History, Development and Reorganisation**” of the prospectus dated 1 August 2016 of the Company (the “**Prospectus**”), the Company became the holding company of the companies comprising the Group on 6 June 2016.

The Company’s principal activity during the three-month period ended 30 June 2016 was investment holding. The Group is principally engaged in the provision of casual dining food catering services in Hong Kong.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three-month period ended 30 June 2016 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2016, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised HKFRSs**”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2016. The unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the Prospectus.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group has not adopted new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Directors do not anticipate that the application of new and revised HKFRSs issued but not yet effective will have material impact on the Group's financial performance and unaudited condensed consolidated financial position for the future and/or the disclosure set out in the Group's unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the three-month period ended 30 June 2016 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the three-month ended 30 June 2016 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

## 3. REVENUE

Revenue represents amounts received and receivable from restaurants operations, sales of food and franchise fee income. An analysis of revenue is as follows:

	For the three-month period ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Restaurants operations	22,636	31,138
Sales of food	785	795
Franchise fee income	125	–
	<b>23,546</b>	31,933



# Notes to the Unaudited Condensed Consolidated Financial Statements

## 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the three-month period ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Auditors' remuneration — audit services	56	85
Cost of inventories sold	4,441	7,183
Depreciation of property, plant and equipment	579	960
Lease payments under operating leases in respect of land and buildings:		
— Minimum lease payments	6,342	7,253
— Contingent rents	296	447
	<b>6,638</b>	7,700
Employee benefit expenses		
— Salaries and wages	5,835	8,969
— Staff benefits	517	538
— Retirement benefit scheme contributions	273	411
	<b>6,625</b>	9,918
Listing expenses	1,513	—
Management fee income	(102)	(102)
Net foreign exchange gain	(166)	(260)
Interest income	(1)	(1)

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 5. INCOME TAX EXPENSES

	For the three-month period ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax — Hong Kong profit tax charge for the period	673	827
Under-provision in prior years	—	—
	<b>673</b>	827

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the three-month period ended 30 June 2016 and 2015, respectively.

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the unaudited condensed consolidated profit attributable to owners of the Company for the three-month period ended 30 June 2016 of HK\$2.0 million (three-month period ended 30 June 2015: HK\$4.2 million), and on the assumption that 2,000,000,000 (three-month period ended 30 June 2015: 2,000,000,000) ordinary shares have been in issue throughout the period, which being the total number of shares in issue of the Company immediately upon the Listing (as defined in the Prospectus).

No adjustment has been made to the basic earnings per share presented for the three-month period ended 30 June 2016 and 2015 as the Group had no potentially diluted ordinary shares in issue during those periods.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 7. DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation.

Before the Company became the holding company of the Group, a member of the Group declared a dividend of HK\$3.0 million on 31 May 2016 to the former ultimate beneficial owner of the Group, namely Mr. Wong Man Wai. Payment of the said dividend was made on 1 June 2016.

The Board does not recommend the payment of an interim dividend for the three-month period ended 30 June 2016.

	<b>For the three-month period ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Dividend paid	<b>3,000</b>	–

# 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, specialising in operating restaurants at the Hong Kong International Airport (the “HKIA”). The Group is operating four restaurants at the HKIA as well as one restaurant in the urban area of Hong Kong. The Group had operated a takeaway kiosk at the HKIA during the three-month period ended 30 June 2016, which has been re-launched on 1 August 2016 following the award of a new licence agreement by the The Airport Authority Hong Kong. Apart from operating our own restaurants, we also franchise our brands “*Taiwan Beef Noodle* (台灣牛肉麵)” and “*Chinese Kitchen* (中國廚房)” to our business partner for operating one restaurant located at Tsim Sha Tsui, Kowloon.

The Group’s strategic objective is to further strengthen its leading position in operating restaurants at the HKIA by continue to look for suitable opportunities to extend its business in the urban area of Hong Kong, as well as tap into the casual dining market in the PRC. The Company was successfully listed on the GEM of the Stock Exchange on 8 August 2016 and the proceeds raised from the Listing (as defined in the Prospectus) has strengthened the Group’s financial position and we will implement our future plans according to the details as disclosed in the section headed “**Future Plans and Use of Proceeds**” of the Prospectus.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group decreased by approximately 26.3% from approximately HK\$31.9 million for the three-month period ended 30 June 2015 to approximately HK\$23.5 million for the three-month period ended 30 June 2016. The drop in revenue is related to the disposal of Sunny Echo Limited, a former subsidiary of our Group, on 30 October 2015.

### Cost of inventories sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in restaurant operations. For the three-month period ended 30 June 2015 and 2016, the cost of materials consumed amounted to approximately HK\$7.2 million and HK\$4.4 million respectively, representing a drop of approximately 38.9%. Such decrease was mainly due to the disposal of Sunny Echo Limited.

### Gross profit and gross profit margin

The Group’s gross profit, which equals to the revenue minus cost of inventories sold, for the three-month period ended 30 June 2016 was approximately HK\$19.1 million, representing a drop of approximately 23.0% from approximately HK\$24.8 million for the three-month period ended 30 June 2015. The gross profit margin has improved to approximately 81.1% (2015: approximately 77.5%) for the three-month period ended 30 June 2016. This was mainly due to the disposal of Sunny Echo Limited.

The gross profit margin for the Group’s restaurants operating at HKIA were 82.9% and 81.7% for the three-month period ended 30 June 2015 and 2016 respectively. The gross profit margin for the Group’s restaurants operating in the urban area of Hong Kong were 64.9% and 72.0% for the three-month period ended 30 June 2015 and 2016 respectively.

## Management Discussion and Analysis

The higher gross profit margin recorded at the restaurants operating at the HKIA during the three-month period ended 30 June 2015 and 2016 was attributable to the centralisation of purchases in bulk orders and with discounts through the Group's centralised warehouse at Tsing Yi. Leveraging on the concentrated pedestrian traffic and generally quick dining manner of the travellers, the Group's restaurants at the HKIA recorded a higher seat turnover rate which enabled the Group to maximise the utilisation of food ingredients and reduce wastages.

Further, the Group's restaurants and takeaway kiosk operating at the HKIA sold more beverage items than the Group's restaurants in the urban area of Hong Kong. Apart from that, the menu items are not entirely the same at the Group's restaurants operating under the same brands "Taiwan Beef Noodle (台灣牛肉麵)" and "Chinese Kitchen (中國廚房)" at the HKIA and in the urban area of Hong Kong. The Group offers seafood in the urban area of Hong Kong which targets the tourists and mass market customers, while we generally offer simple food items to cater to the needs of the travellers who look for casual dining in a quick and convenient manner at the HKIA. We consider that the sales of beverage generally have higher gross profit margin while the sales of seafood generally have lower gross profit margin, and these lead to the generally higher gross profit margin of the Group's restaurants and takeaway kiosk at the HKIA.

### Other revenue and other income

During the three-month period ended 30 June 2015 and 2016, the Group's other revenue and other income mainly comprised tips income, management fee income and net foreign exchange gain.

	For the three-month period ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Tips income	139	162
Management fee income	102	102
Net foreign exchange gain	166	260
Others	275	16
Total	682	540

The other revenue and other income increased from approximately HK\$0.5 million for the three-month period ended 30 June 2015 to approximately HK\$0.7 million for the three-month period ended 30 June 2016, representing an increase of approximately 40.0%.

# Management Discussion and Analysis

## Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs decreased from approximately HK\$9.9 million for the three-month period ended 30 June 2015 to approximately HK\$6.6 million for the three-month period ended 30 June 2016. Such decrease was mainly due to the disposal of Sunny Echo Limited.

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 the staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up wages and as a result of the expected expansion of its business.

The Directors believe 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 in the future to promote employee loyalty and motivate the employees.

## Depreciation

The Group recorded depreciation of approximately HK\$1.0 million and HK\$0.6 million for the three-month period ended 30 June 2015 and 2016, respectively for its leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicles. The decrease of depreciation for the three-month period ended 30 June 2016 as compared to that of the three-month period ended 30 June 2015 was mainly due to the disposal of Sunny Echo Limited.

## Property rentals and related expenses

The property rentals and related expenses for the three-month period ended 30 June 2016 amounted to approximately HK\$6.9 million, representing a decrease of approximately 12.7% as compared with that of the three-month period ended 30 June 2015 amounted to approximately HK\$7.9 million. Such decrease was mainly due to the disposal of Sunny Echo Limited.

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

## Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. For the three-month period ended 30 June 2015 and 2016, the total fuel and utility expenses amounted to approximately HK\$1.5 million and approximately HK\$0.9 million, respectively. Such decrease was mainly due to the disposal of Sunny Echo Limited.

# Management Discussion and Analysis

## Administrative expenses

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

Administrative expenses increased from approximately HK\$2.2 million for the three-month period ended 30 June 2015 to approximately HK\$4.0 million for the three-month period ended 30 June 2016. This was mainly attributable to the listing fee of approximately HK\$1.5 million incurred during the three-month period ended 30 June 2016.

## Income tax expenses

The income tax expenses slightly decreased from HK\$0.8 million for three-month period ended 30 June 2015 to HK\$0.7 million for the three-month period ended 30 June 2016.

## Finance costs

The Group's finance costs amounted to approximately HK\$0.1 million for the three-month period ended 30 June 2015 and 2016, respectively.

## Profit

The Group's profit for the three-month period ended 30 June 2016 decreased by 52.4% to approximately HK\$2.0 million as compared with the three-month period ended 30 June 2015 amounted to approximately HK\$4.2 million. The decrease in profit for the period was mainly due to the recognition of listing expenses amounted to HK\$1.5 million for the three-month period ended 30 June 2016.

## Use of proceeds

The net proceeds from the Placing (as defined in the Prospectus), after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$47.0 million.

Since the Company's listing on the GEM of the Stock Exchange only took place on 8 August 2016 (the "Listing Date"), the net proceeds had not been applied for during the three-month period ended 30 June 2016.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

### Capital structure

For the change in the capital structure of the Group from 31 March 2016 to the Listing Date, please refer to the section headed “**Share Capital**” of the Prospectus, and there has been no material change in the capital structure of the Company since the Listing Date.

### Cash position

As at 30 June 2016, the cash and cash equivalents of the Group amounted to approximately HK\$11.4 million (at 31 March 2016: approximately HK\$16.9 million), representing an decrease of approximately 32.5% as compared to that at 31 March 2016. The decrease was mainly due to the declaration of a dividend of HK\$3.0 million and such amount was paid on 1 June 2016 by a member of the Group.

### Borrowing

As at 30 June 2016, total borrowing of the Group amounted to approximately HK\$6.4 million (31 March 2016: approximately HK\$8.4 million) which was derived from the bank borrowings which bears an interest rates from 4.5% to 5.25% and 4.25% to 5.25% per annum at 30 June 2015 and 30 June 2016, respectively.

### Pledge of assets

As at 30 June 2016, the Group had no pledged assets (at 30 June 2015: Nil).

### Gearing ratio

As at 30 June 2016, the gearing ratio of the Group was approximately 43.8% (at 31 March 2016: approximately 53.7%). The decrease was mainly attributable to the repayment of bank borrowings during the period. The gearing ratio is calculated based on the total borrowings, which include bank borrowings, at the end of the period divided by the equity attributable to owner of the Company at the end of the respective period.

## COMMITMENTS

As at 30 June 2016, the Group did not have any significant capital commitments (at 30 June 2015: Nil).

## SIGNIFICANT INVESTMENTS

Except for investments in subsidiaries, as at 30 June 2016, the Group did not hold any significant investments (at 30 June 2015: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities (at 30 June 2015: Nil).



# Management Discussion and Analysis

## FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HKD, United States Dollars (“**USD**”), Renminbi (“**RMB**”) and Taiwan New Dollars (“**TWD**”). 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 HKD against USD as long as this currency is pegged.

The transactions and monetary assets denominated in RMB and TWD are minimal during the three-month period ended 30 June 2015 and 2016, the Group considers there is no significant foreign exchange risks in respect of RMB and TWD for both periods.

## CORPORATE GOVERNANCE PRACTICE

The Board recognised that the transparency and accountability are important to a listed company. Therefore, the Company is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders of the Company.

As the Company was not yet listed on the GEM of the Stock Exchange prior to 30 June 2016, the requirements under the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules were not applicable to the Company. The Company has adopted the CG Code as its corporate governance practices since the Listing Date.

## INTEREST OF THE COMPLIANCE ADVISER

As notified by the Group’s compliance adviser, RaffAello Capital Limited (the “**Compliance Adviser**”), as at 30 June 2016, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 16 December 2015, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## COMPETING BUSINESS

During the three-month period ended 30 June 2016, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the three-month period ended 30 June 2016.

# 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 the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the shares (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	75%

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. Therefore, Mr. Wong is deemed to be interested in all the Shares held by Fortune Round Limited for the purpose of the SFO.

### 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 the Listing Date, 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 AND ITS ASSOCIATED CORPORATIONS

As at the Listing Date 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 (Note 1)	1,500,000,000	75%
Ms. Li Wing Yin	Interest of spouse (Note 2)	1,500,000,000	75%

Notes:

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

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

### SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “Share Option Scheme”) on 21 July 2016.

Since the adoption of the Share Option Scheme and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the three-month period ended 30 June 2016.

# Management Discussion and Analysis

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company was not yet listed on the GEM of the Stock Exchange prior to 30 June 2016, the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules were not applicable to the Company. Following the successful listing of the Company on 8 August 2016, the Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares.

## 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. Cheng Wing Hong and Mr. Cai Chun Fai. Mr. Ma Yiu Ho Peter is the chairman of the audit committee. The audit committee has reviewed the unaudited consolidated financial statement of the Group for the three-month period ended 30 June 2016.

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 2016

*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. Cheng Wing Hong and Mr. Cai Chun Fai.*