



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

Interim Report

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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\$48.3 million for the six-month period ended 30 September 2016 (six-month period ended 30 September 2015: approximately HK\$71.0 million), representing a decrease of approximately 32.0% 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\$10.2 million for the six-month period ended 30 September 2016 (six-month period ended 30 September 2015: unaudited profit and total comprehensive income attributable to owners of the Company of approximately HK\$8.3 million).
- The basic and diluted loss per share attributable to owners of the Company for the six-month period ended 30 September 2016 was HK0.51 cents (six-month period ended 30 September 2015: the basic and diluted earnings per share attributable to owners of the Company of HK0.41 cents).

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

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 September 2016

	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	48,338	71,029
Cost of inventories sold		(9,128)	(16,469)
Gross profit		39,210	54,560
Other revenue and other income		1,319	3,395
Staff costs		(13,962)	(20,689)
Depreciation of property, plant and equipment		(1,103)	(1,930)
Property rental and related expenses		(15,272)	(16,130)
Fuel and utility expenses		(1,912)	(3,117)
Administrative expenses		(21,284)	(10,436)
(Loss)/profit from operations		(13,004)	5,653
Share of result of an associate		3,843	4,727
Finance costs	5	(148)	(209)
(Loss)/profit before tax	6	(9,309)	10,171
Income tax expenses	7	(866)	(1,905)
(Loss)/profit and total comprehensive (loss)/income for the period		(10,175)	8,266
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(10,175)	8,286
Non-controlling interests		-	(20)
		(10,175)	8,266
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (loss)/earnings per share (HK cents)	8	(0.51)	0.41

The notes on pages 9 to 17 form integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Condensed Statement of Financial Position

As at 30 September 2016

	Notes	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	4,458	5,466
Interests in associates		1,560	742
Non-current rental deposits		1,895	1,237
		7,913	7,445
Current assets			
Inventories		255	246
Trade receivables	11	1,597	1,188
Deposits, prepayments and other receivables		2,820	6,059
Prepaid tax		88	198
Amounts due from an associate		34	34
Amount due from a joint venture		500	500
Cash and bank balances		71,058	16,857
		76,352	25,082
LIABILITIES			
Current liabilities			
Trade payables	12	3,024	1,933
Deposits received, accruals and other payables		8,409	6,973
Tax payables		732	89
Bank borrowings	13	4,427	8,377
		16,592	17,372

Unaudited Condensed Statement of Financial Position

As at 30 September 2016

	Notes	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Net current assets		59,760	7,710
Total assets less current liabilities		67,673	15,155
Net assets		67,673	15,155
EQUITY			
Share capital	14	20,000	–
Reserves		47,673	15,608
Equity attributable to owners of the Company		67,673	15,608
Non-controlling interests		–	(453)
Total equity		67,673	15,155

The notes on pages 9 to 17 form integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2016

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000		
At 1 April 2015 (Audited)	–	–	46,474	46,474	(616)	45,858
Profit and total comprehensive income for the period	–	–	8,286	8,286	(20)	8,266
Acquisition of additional interest in a subsidiary	–	–	(485)	(485)	185	(300)
At 30 September 2015 (Unaudited)	–	–	54,275	54,275	(451)	53,824
At 1 April 2016 (Audited)	–	–	15,608	15,608	(453)	15,155
Loss and total comprehensive loss for the period	–	–	(10,175)	(10,175)	–	(10,175)
Dividends paid	–	–	(3,000)	(3,000)	–	(3,000)
Issue of shares under the capitalisation issue (note 14)	15,000	(15,000)	–	–	–	–
Issue of shares by way of placing (note 14)	5,000	70,000	–	75,000	–	75,000
Share issuance costs	–	(9,760)	–	(9,760)	–	(9,760)
Non-controlling interests written off upon deregistration of a subsidiary	–	–	–	–	453	453
At 30 September 2016 (Unaudited)	20,000	45,240	2,433	67,673	–	67,673

The notes on pages 9 to 17 form integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Condensed Statement of Cash Flows

For the six-month period ended 30 September 2016

	For the six-month periods ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	(9,309)	10,171
Adjustments for:		
Finance costs	148	209
Interest income	(56)	(1)
Depreciation of property, plant and equipment	1,103	1,930
Share of results of an associate	(3,843)	(4,727)
Deregistration of a subsidiary	453	–
Reversal of impairment loss recognised in respect of amount due from an associate	–	(2,400)
Operating cash flows before movements in working Capital	(11,504)	5,182
(Increase)/decrease in inventories	(9)	23
Increase in trade receivables	(409)	(1,017)
Decrease/(increase) in deposits, prepayments and other receivables	4,555	(2,659)
Increase in amount due from a related company	–	(16)
Increase in trade payables	1,091	373
Decrease in deposit received, accruals other payables	(538)	(39)
Increase in amount due to a related company	–	27
Cash (used in)/generated from operations	(6,814)	1,874
Profit tax paid	(113)	(380)
Net cash (used in)/generated from operating activities	(6,927)	1,494
Cash flows from investing activities		
Interest received	56	1
Purchases of property, plant and equipment	(95)	(87)
Increase in pledged bank deposits	(5,000)	–
Deposit received for assets classified as held for sale	–	290
Dividend received from an associate	3,025	4,537
Net cash (used in)/generated from investing activities	(2,014)	4,741

Unaudited Condensed Statement of Cash Flows

For the six-month period ended 30 September 2016

	For the six-month periods ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Cash flows from financing activities		
Acquisition of additional interest in a subsidiary	–	(300)
Interest paid	(148)	(211)
Proceeds from bank borrowings	–	2,724
Repayment of bank borrowings	(3,950)	(2,499)
Decrease in bank overdraft	3	–
Proceeds from issue of shares	75,000	–
Share issuance costs	(9,760)	–
Advance to a joint venture	–	(4)
Advance to a director	–	(14,144)
Repayment from a related company	–	1,500
Repayment of obligation under finance lease	–	(73)
Dividend paid	(3,000)	–
Net cash generated from/(used in) financing activities	58,145	(13,007)
Net increase/(decrease) in cash and cash equivalents	49,204	(6,772)
Cash and cash equivalents at the beginning of the reporting period	16,854	19,182
Cash and cash equivalents at the end of the reporting period	66,058	12,410
Analysis of cash and cash equivalents		
Cash and bank balances	71,058	12,258
Add: Cash and bank balances attributable to assets classified as held for sale	–	152
Less: Pledged bank deposits	(5,000)	–
	66,058	12,410

The notes on pages 9 to 17 form integral part of these unaudited condensed consolidated interim financial statements.

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 liabilities under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange by way of placing (the “**Listing**”) with effect from 8 August 2016 (the “**Listing Date**”). The address of its registered office is 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 and wholly owned by Mr. Wong Man Wai, a director of the Company.

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 companies now comprising the Group were under common control of Mr. Wong Man Wai before and after the Reorganisation. Accordingly, the unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) have been prepared on the basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period.

The Company is principally engaged in 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 Interim Financial Statements of the Group for the six-month period ended 30 September 2016 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The Interim Financial Statements for the six-month period ended 30 September 2016 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

In the current interim period, the Group has applied, for the first time, new amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2016.

The application of the new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

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

The Interim Financial Statements for the six-month period ended 30 September 2016 have been prepared under the historical cost convention. The Interim Financial Statements for the six-month ended 30 September 2016 are presented in thousands of units of Hong Kong dollars (“HK\$’000”), which is also the functional currency of the Company.

3. SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of casual dining food catering services restaurant. 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

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 six-month period ended 30 September	
	2016 HK\$’000 (Unaudited)	2015 HK\$’000 (Unaudited)
Restaurants operations	46,034	69,328
Sales of food	2,029	1,701
Franchise fee income	275	–
	48,338	71,029

5. FINANCE COSTS

	For the six-month period ended 30 September	
	2016 HK\$’000 (Unaudited)	2015 HK\$’000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	148	209

Notes to the Unaudited Condensed Consolidated Financial Statements

6. (LOSS)/PROFIT BEFORE TAX

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

	For the six-month period ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Auditors' remuneration — audit services	116	144
Cost of inventories sold	9,347	16,469
Depreciation of property, plant and equipment	1,103	1,930
Lease payments under operating leases in respect of land and buildings:		
— Minimum lease payments	12,048	13,760
— Contingent rents	2,181	1,190
	14,229	14,950
Employee benefit expenses (including directors' remuneration):		
— Salaries and wages	12,429	18,215
— Staff benefits	973	1,590
— Retirement benefit scheme contributions	560	884
	13,962	20,689
Listing expenses	15,138	4,853
Management fee income	(204)	(204)
Net foreign exchange gain	(424)	(429)
Reversal of impairment loss recognised in respect of amount due from an associate	—	(2,400)
Interest income	(56)	(1)

Notes to the Unaudited Condensed Consolidated Financial Statements

7. INCOME TAX EXPENSES

	For the six-month period ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax charge for the period	866	1,716
Under-provision in prior periods	—	189
	866	1,905

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

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the period is based on the unaudited condensed consolidated loss attributable to owners of the Company for the six-month period ended 30 September 2016 of approximately HK\$10,175,000 (six-month period ended 30 September 2015: unaudited condensed consolidated profit attributable to owner of the Company of approximately HK\$8,266,000), and on the assumption that 2,000,000,000 ordinary shares of the Company have been in issue throughout the periods, 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 (loss)/earnings per share presented for the six-month periods ended 30 September 2015 and 2016 as the Group had no potentially diluted ordinary shares in issue during those periods.

Notes to the Unaudited Condensed Consolidated Financial Statements

9. 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\$3,000,000 on 31 May 2016 to the former ultimate beneficial owner of the Group, namely Mr. Wong Man Wai. Payment of said dividend was made on 1 June 2016.

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

	For the six-month periods ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend paid	3,000	–

10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 September 2016, the Group has acquired property, plant and equipment of approximately HK\$95,000 (six-month period ended 30 September 2015: HK\$87,000).

11. TRADE RECEIVABLES

The Group's trading terms with its third party customers are mainly on cash and credit card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. 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 aged analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
0–30 days	494	603
31–60 days	553	329
61–90 days	527	193
Over 90 days	23	63
	1,597	1,188

The credit terms of the Group's trade receivables generally ranging from 1 day to 60 days.

Notes to the Unaudited Condensed Consolidated Financial Statements

12. TRADE PAYABLES

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
0–30 days	1,115	1,340
31–60 days	1,275	406
61–90 days	462	76
Over 90 days	172	111
	3,024	1,933

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

13. BORROWINGS

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Carrying amounts repayables:		
Bank borrowings and bank overdrafts:		
Within one year	4,427	7,849
Carrying amounts of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayable on demand clause (shown under current liabilities)	–	528
	4,427	8,377

The bank loans were guaranteed by the Company together with an HK\$5,000,000 pledged bank deposits provided by the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

14. SHARE CAPITAL

	Number of shares			Ordinary share capital		
	As at 30 September 2016 (Unaudited)	As at 31 March 2016 (Audited)	As at 30 September 2016 (Unaudited) HK\$	As at 31 March 2016 (Audited) HK\$	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Ordinary share of HK\$0.10 each						
Authorised:						
At beginning of period/year	38,000,000	38,000,000	380,000	380,000	380	380
Increased on 21 July 2016 (note (a))	19,962,000,000	-	199,620,000	-	199,620	-
At the end of period/year	20,000,000,000	38,000,000	200,000,000	380,000	200,000	380
Issued and fully paid:						
At beginning of period/year	1	-	0.01	-	-	-
Issue of share upon incorporation on 19 August 2015 (note (b))	-	1	-	0.01	-	-
Issue of shares upon Reorganisation (note (c))	1	-	0.01	-	-	-
Issue of shares under the capitalisation issue (note (d))	1,499,999,998	-	14,999,999.98	-	15,000	-
Issue of shares by way of placing (note (e))	500,000,000	-	5,000,000.00	-	5,000	-
At the end of period/year	2,000,000,000	1	20,000,000.00	0.01	20,000	-

Notes:

- On 21 July 2016, Fortune Round Limited resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$200,000,000 by the creation of an additional 19,962,000,000 ordinary shares, each carrying the same rights as the ordinary shares then in issue in all respects.
- Upon incorporation of the Company on 19 August 2015, the authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each with 1 ordinary share was allotted and issued as fully paid.
- On 6 June 2016, Mr. Wong Man Wai (as vendor), the Company (as purchaser) and Fortune Round Limited entered into a share purchase agreement pursuant to which Mr. Wong Man Wai transferred to the Company 6 issued shares in Simple Future Limited, being the entire issued share capital of Simple Future Limited. In consideration of the said transfer, the Company issued and allotted 1 fully paid share to Fortune Round Limited.
- On 8 August 2016, 1,499,999,998 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK\$0.01 to Fortune Round Limited, by way of capitalisation of HK\$14,999,999.98 from the share premium account. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued upon listing of the Company's shares on GEM of the Stock Exchange.
- Upon Listing, 500,000,000 ordinary shares (at par value of HK\$0.01 each) of the Company were allotted and issued pursuant to the placing of the shares of the Company at HK\$0.15 per placing share.

Notes to the Unaudited Condensed Consolidated Financial Statements

15. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group entered into the following material transactions with related parties:

	For the six-month period ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Management fee income received from an associate:		
— Wingo Hong Kong Investment Limited	204	204
Purchase of food from a related company:		
— Rich Forever Limited (note (i))	—	1,231
Rental expense paid to a related company:		
— Million Cash Investment Limited (“Million Cash”) (note (ii))	—	390

Notes:

- (i) Rich Forever was owned by Mr. Wong Shu Pui, who is the father of Mr. Wong Man Wai.
- (ii) Mr. Wong Man Wai had significant influence in Million Cash, and was one of the directors of Million Cash during the six-month period ended 30 September 2015.

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

Notes to the Unaudited Condensed Consolidated Financial Statements

15. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Mr. Wong Man Wai, an executive Director, had provided personal guarantee for bank borrowings during the six-month period ended 30 September 2015 without any charge. The personal guarantee was released on 8 August 2016.

Ms. Li Wing Yin, the spouse of Mr. Wong Man Wai, had provided guarantee with amount of HK\$7,500,000 issued to one of the landlord of the Group for the rental deposit during the six-month period ended 30 September 2015 without any charge. The personal guarantee was released on 8 August 2016.

Mr. Li Chi Keung, the father-in-law of Mr. Wong Man Wai, had provided personal guarantee for bank borrowings during the six-month period ended 30 September 2015 without any charge. The personal guarantee was released on 8 August 2016.

16. FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities measured at amortised costs

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in Interim Financial Statements approximately their fair values.

17. EVENTS AFTER THE REPORTING PERIOD

On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one eligible participant for a total of 60,000,000 ordinary shares of HK\$0.01 each at the exercise price of HK\$0.163 per share of the Company, under the share option scheme adopted by the Company on 21 July 2016. As at the date of this report, no option has been exercised.

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 and one takeaway kiosk at the HKIA as well as one restaurant in the urban area of 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)” for the operation of a restaurant located at Tsim Sha Tsui, Hong Kong.

The Group’s strategic objective is to further strengthen its leading position in operating restaurants at the HKIA while 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 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.

In September 2016, the Group launched a new product — mooncakes, taking pride in its traditional baking techniques and all of the mooncakes were made locally. For the six-month period ended 30 September 2016, sales of mooncakes contributed approximately HK\$0.5 million to the Group’s revenue.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 32.0% from approximately HK\$71.0 million for the six-month period ended 30 September 2015 to approximately HK\$48.3 million for the six-month period ended 30 September 2016. The decline in revenue was mainly due to the disposal of Sunny Echo Limited, a former subsidiary of our Group, on 30 October 2015 and the temporary cessation of the operation of a takeaway kiosk of the Group at the HKIA during July 2016.

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 six-month periods ended 30 September 2015 and 2016, the cost of materials consumed amounted to approximately HK\$16.5 million and HK\$9.1 million respectively, representing a drop of approximately 44.9%. 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 six-month period ended 30 September 2016 was approximately HK\$39.2 million, representing a decline of approximately 28.2% from approximately HK\$54.6 million for the six-month period ended 30 September 2015. The decline in gross profit was mainly due to the disposal of Sunny Echo Limited and temporary cessation of the operation of takeaway kiosk of the Group at the HKIA during July 2016. The gross profit margin has improved to approximately 81.2% (six-month period ended 30 September 2015: approximately 76.9%) for the six-month period ended 30 September 2016. This was mainly due to the disposal of Sunny Echo Limited.

Management Discussion and Analysis

The gross profit margin for the Group's restaurants operating at the HKIA were 82.0% and 81.9% for the six-month periods ended 30 September 2015 and 2016 respectively. The gross profit margin for the Group's restaurant operating in the urban area of Hong Kong was 64.9% and 72.3% for the six-month periods ended 30 September 2015 and 2016 respectively.

The relatively high gross profit margin recorded at the restaurants operating at the HKIA during the six-month periods ended 30 September 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, Hong Kong. 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 were 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 offered seafood in the urban area of Hong Kong which targets the tourists and mass market customers, while we generally offered simple food items to cater to the needs of the travelers who look for casual dining in a quick and convenient manner at the HKIA. We consider that the sales of beverage generally have relatively high gross profit margin while the sales of seafood generally have relatively low 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 six-month periods ended 30 September 2015 and 2016, the Group's other revenue and other income mainly comprised of tips income, management fee income and net foreign exchange gain.

	For the six-month period ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Tips income	285	95
Bank interest income	56	1
Management fee income	204	204
Net foreign exchange gain	424	429
Reversal of impairment loss recognised in respect of amount due from an associate	–	2,400
Others	350	266
Total	1,319	3,395

Management Discussion and Analysis

The other revenue and other income decreased from approximately HK\$3.4 million for the six-month period ended 30 September 2015 to approximately HK\$1.3 million for the six-month period ended 30 September 2016, representing an decrease of approximately 61.8%, which was mainly resulting from the absence of an one-off income from reversal of impairment loss recognised in respect of amount due from an associate recognised during the six-month period ended 30 September 2015.

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs decreased from approximately HK\$20.7 million for the six-month period ended 30 September 2015 to approximately HK\$14.0 million for the six-month period ended 30 September 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 increased in recent years. The Directors expect that the staff costs will continue to increase as inflationary pressures in Hong Kong continue to drive up wages and as a result of the expansion of our 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 rate by continuing to implement various employee retention initiatives to promote employee loyalty and motivate the employees.

Employees and remuneration policies

As at 30 September 2016, the Group had approximately 149 employees (as at 30 September 2015: 155 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee.

Depreciation

The Group recorded depreciation of approximately HK\$1.9 million and HK\$1.1 million for the six-month period ended 30 September 2015 and 2016, respectively, for its leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicles. The decrease of depreciation for the six-month period ended 30 September 2016 as compared to that of the six-month period ended 30 September 2015 was mainly due to the disposal of Sunny Echo Limited.

Property rentals and related expenses

The property rentals and related expenses for the six-month period ended 30 September 2016 amounted to approximately HK\$15.3 million, representing a decrease of approximately 5.0% as compared with that of the six-month period ended 30 September 2015 amounted to approximately HK\$16.1 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 gradually in the future. Besides, the Directors will continue to seek better control of the property rental and related expenses, such as entering into long-term rental agreements so as to maintain the rentals at a reasonable level.

Management Discussion and Analysis

Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. For the six-month periods ended 30 September 2015 and 2016, the total fuel and utility expenses amounted to approximately HK\$3.1 million and approximately HK\$1.9 million, respectively. Such decrease was mainly due to the disposal of Sunny Echo Limited.

Administrative expenses

The administrative expenses represent mainly expenses incurred in 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\$10.4 million for the six-month period ended 30 September 2015 to approximately HK\$21.3 million for the six-month period ended 30 September 2016. This was mainly attributable to the listing fee of approximately HK\$15.1 million incurred during the six-month period ended 30 September 2016.

Income tax expenses

The income tax expenses decreased from HK\$1.9 million for six-month period ended 30 September 2015 to HK\$0.9 million for the six-month period ended 30 September 2016.

Finance costs

The Group's finance costs slightly decreased from HK\$0.2 million for the six-month period ended 30 September 2015 to HK\$0.1 million for the six-month period ended 30 September 2016.

Loss

The Group recorded a loss of HK\$10.2 million for the six-month period ended 30 September 2016 as compared to a profit of HK\$8.3 million for the corresponding period in 2015. The loss was mainly attributable to (i) the decline in revenue of HK\$22.7 million mainly resulting from the disposal of Sunny Echo Limited and temporary cessation of the operation of take-away kiosk of the Group at the HKIA during July 2016 and (ii) the recognition of listing expenses of HK\$15.1 million for the six-month period ended 30 September 2016.

Management Discussion and Analysis

Use of net proceeds from the Listing

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\$41.6 million.

From the Listing Date to 30 September 2016, the net proceeds from the Placing had been applied in the following manners:

	Use of proceeds as shown from the Listing Date to 30 September 2016 HK\$'000	Actual use of proceeds from the Listing Date to 30 September 2016 HK\$'000
Renovation of existing restaurant	3,000	41
Marketing activities (including recruitment, advertisement and promotion activities) to promote brand awareness	200	116
Total	3,200	157

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

For the change in the share capital structure of the Company from 31 March 2016 to the Listing Date, please refer to the section headed "Share Capital" of the Prospectus and note 14 to this report, and there has been no material change in the share capital structure of the Company since the Listing Date.

Cash position

As at 30 September 2016, the cash and cash equivalents of the Group amounted to approximately HK\$66.1 million (at 30 September 2015: approximately HK\$12.3 million), representing an increase of approximately 437.4% as compared to that at 30 September 2015. The increase was mainly due to the net proceeds from the Listing. The effect was partially offset by the dividend paid of HK\$3.0 million on 1 June 2016.

Management Discussion and Analysis

Borrowing

As at 30 September 2016, the total borrowing of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$4.4 million (30 September 2015: approximately HK\$5.5 million) was derived from the bank borrowings which bears a floating interest rates from 5.25% to 5.25% and 4.25% to 5.25% per annum at 30 September 2015 and 30 September 2016, respectively.

Pledge of assets

As at 30 September 2016, the bank loans were guaranteed by an HK\$5,000,000 pledged bank deposits provided by the Group (as at 30 September 2015: Nil).

Gearing ratio

As at 30 September 2016, the gearing ratio of the Group was approximately 6.5% (at 30 September 2015: approximately 10.1%). The decrease was mainly attributable to the net proceeds from Listing. The effect is partially offset by the repayment of bank borrowings during the six-month period ended 30 September 2016. The gearing ratio is calculated based on the total borrowings, which include bank borrowings, divided by the equity attributable to owner of the Company at the end of the respective period.

COMMITMENTS

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

SIGNIFICANT INVESTMENTS

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

CONTINGENT LIABILITIES

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

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 six-month periods ended 30 September 2015 and 2016, the Group considers that there is no significant foreign exchange risks in respect of RMB and TWD for both periods.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The Group derives most of the revenue from our restaurants operating at the HKIA, therefore the Group's operation may be affected by any future plans of the Airport Authority in respect of the HKIA.
2. Also, the Group's revenue derived from restaurants at the HKIA may experience fluctuations from period to period due to seasonality and other factors. In general, the Group derived a relatively higher monthly revenue during July and August and a relatively lower monthly revenue during April to June.
3. During the six-month period ended 30 September 2016, 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 or 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.

During the six-month period ended 30 September 2016, cost of inventories sold, staff cost and property rentals and related expenses contributed 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 may further increase and affect our staff costs in the future.
3. As at 30 September 2016, the Group licensed or leased all the properties for its restaurants operating at the HKIA and in the urban area of Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

For more details about the general risks and uncertainties faced by the Group, please refer to the Prospectus.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2016 is set out below:

Business strategies as stated in the Prospectus

Actual business progress up to 30 September 2016

Leveraging our leading position to expand our operations at the HKIA

The Group is renovating one existing restaurant in the HKIA under the brand "Chinese Kitchen (中國廚房)".

In addition, the Group is in the progress to identify popular restaurant brands to the HKIA through franchising or other cooperation arrangement.

Strategically opening new restaurants in the urban area of Hong Kong

The Group is in the progress to identify the location.

Streamlining our operation for potential business opportunities

The Group is in the progress to identify suitable opportunities for franchising our brands to third parties and also to identify suitable opportunities for franchising, joint venture or other cooperation arrangements with popular restaurant brands.

In the meantime, the Group is recruiting experienced franchising managers.

Tapping into the casual dining market in the PRC

The Group keeps monitoring and researching on the PRC market opportunities for the preparation of our expansion plans in the PRC.

Continue to enhance comparable restaurant sales growth and profitability

The Group will continue to adhere to this objective by (i) increasing sales volume; (ii) optimising restaurant-level staffing; (iii) maximising the utilisation of food ingredients and (iv) actively reducing wastage of food ingredients by offering incentive bonus to kitchen staff.

Management Discussion and Analysis

PROSPECT

Our strategic objective is to continue to strengthen our leading position in operating restaurants at the HKIA. In particular, we have been strategically looking for opportunities to introduce popular restaurant brands to operate at the HKIA through franchising or other cooperative arrangements. In addition, to reinforce the Group's customers' perception of freshness, we plan to upgrade some of the Group's existing restaurants at the HKIA through renovation and upgrading the facilities and systems.

Apart from our business at the HKIA, to diversify the Group's revenue sources, we have been looking for suitable locations to open new restaurants in the urban area of Hong Kong. We intend to open new restaurants under the Group's self-owned brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in the coming two years in districts with high customer traffic such as Central and Western District, Mongkok and Wanchai.

In addition to the operation of restaurants under the Group's own brands in Hong Kong, we also intend to develop a more asset-light business line which will allow the Group's flexibility to other opportunities in the constantly changing catering industry. During the period under review, we have franchised the Group's self-owned brands "*Taiwan Beef Noodle (台灣牛肉麵)*" and "*Chinese Kitchen (中國廚房)*" for the operation of a restaurant in Tsim Sha Tsui, Hong Kong. For synergy and efficiency in business growth and to fully utilise our resources, we will continue to identify suitable opportunities for not only franchising of our self-owned brands, but also joint venture and cooperation arrangements with other popular restaurant brands.

With our long history of development in the catering industry in Hong Kong and the experience and expertise which we have accumulated throughout the years, we intend to progressively expand into the PRC casual dining market. Benefiting from the ongoing growth of casual dining market in the PRC, we plan to pursue a growth strategy by opening a restaurant under the Group's self-owned brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in the coming two years in first-tier cities such as Guangzhou and Shanghai in the PRC which we consider having strong market potential. We will keep monitoring and searching for market opportunities and will conduct in-depth researches and feasibility studies before embarking on our expansion plan in the PRC.

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

CORPORATE GOVERNANCE PRACTICE

During the period from the Listing Date to 30 September 2016, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 15 to the GEM Listing Rules, except for the deviations of Code Provisions A.2.1 and A.2.7.

Management Discussion and Analysis

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wong 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.

Under the Code provision A.2.7, the chairman of the Board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the six-month period under review, since the chairman of the Board was also an executive Director, did not hold such kind of private meetings with the non-executive Directors, it was impracticable for the Company to follow the requirement under Code provision A.2.7. The chairman of the Board further considered that it was unnecessary as it would be more transparent to let the non-executive Directors speak out their views to all executive directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive director himself, always welcomes all non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Group's compliance adviser, RaffAello Capital Limited (the "**Compliance Adviser**"), as at 30 September 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 share capital of the Group or in 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 six-month period ended 30 September 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 six-month period ended 30 September 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 30 September 2016, 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 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.

Long positions in the shares of associated corporation

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

Save as disclosed above and so far as is known to the Directors, as at 30 September 2016, 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

As at 30 September 2016 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares

Name of shareholders	Capacity	Number of ordinary shares in interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner (note 1)	1,500,000,000	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 all the Shares in which Mr. Wong Man Wai is interested under the SFO.

Save as disclosed above, as at 30 September 2016, 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.

No option was granted, outstanding, cancelled or lapsed during the six-month period ended 30 September 2016 and as at 30 September 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. As at the date of this report, no option has been exercised.

Management Discussion and Analysis

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Having made specific enquiry of all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors for the six-month period ended 30 September 2016.

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 Interim Financial Statement of the Group for the six-month period ended 30 September 2016.

By order of the Board

Royal Catering Group Holdings Company Limited
Wong Man Wai

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 7 November 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.