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## **ROYAL GROUP HOLDINGS INTERNATIONAL COMPANY LIMITED**

**皇璽集團控股國際有限公司**

*(incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8300)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Royal Group Holdings International Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the three months ended 30 June 2023 (the “**First Quarterly Results**”). This announcement, containing the full text of the first quarterly report of the Company for the three months ended 30 June 2023 (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of the First Quarterly Results. Printed version of the First Quarterly Report will be despatched to the shareholders of the Company and available for viewing on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.hkrcg.com.hk](http://www.hkrcg.com.hk) on 8 August 2023.

By order of the Board

**Royal Group Holdings International Company Limited**  
**Wong Man Wai**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 8 August 2023

*As at the date of this announcement, the executive Directors are Mr. Wong Man Wai, Mr. Chan Chak To Raymond and Ms. Lam Wai Kwan; and the independent non-executive Directors are Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at [www.hkrcg.com](http://www.hkrcg.com).*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of Royal Group Holdings International Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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

FIRST QUARTERLY REPORT

2023

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## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$6.8 million for the three months ended 30 June 2023 (three months ended 30 June 2022: approximately HK\$7.3 million), representing a decrease of approximately 6.9% as compared to the corresponding period in 2022.
- The Group recorded an unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$4.7 million for the three months ended 30 June 2023 (three months ended 30 June 2022: unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$2.7 million).
- The basic and diluted loss per share attributable to owners of the Company for the three months ended 30 June 2023 was HK0.18 cents (three months ended 30 June 2022: the basic and diluted loss per share attributable to owners of the Company of HK0.10 cents).
- The Board resolved not to recommend payment of an interim dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

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

For the three months ended 30 June 2023

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023, together with the unaudited comparative figures for the respective corresponding period in 2022 as follows:

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

For the three months ended 30 June 2023

	Notes	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>6,833</b>	7,295
Cost of inventories sold		<b>(1,718)</b>	(1,528)
<b>Gross profit</b>		<b>5,115</b>	5,767
Other income and other gain or loss		<b>88</b>	1,005
Staff costs		<b>(4,188)</b>	(4,266)
Depreciation expenses		<b>(963)</b>	(1,104)
Property rentals and related expenses		<b>(955)</b>	(236)
Fuel and utility expenses		<b>(595)</b>	(378)
Administrative expenses		<b>(3,069)</b>	(3,090)
<b>Loss from operations</b>		<b>(4,567)</b>	(2,302)
Finance costs	5	<b>(253)</b>	(181)
<b>Loss before tax</b>	6	<b>(4,820)</b>	(2,483)
Income tax expenses	7	<b>(14)</b>	(219)
<b>Loss and total comprehensive loss for the period</b>		<b>(4,834)</b>	(2,702)
<b>Loss and total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(4,731)</b>	(2,679)
Non-controlling interests		<b>(103)</b>	(23)
		<b>(4,834)</b>	(2,702)
<b>Loss per share attributable to owner of the Company</b>			
Basic and diluted loss per share (HK cents)	8	<b>(0.18)</b>	(0.10)

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

For the three months ended 30 June 2023

	Attributable to owners of the Company				Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (Audited)	26,434	113,760	2,750	(99,897)	43,047	–	43,047
Capital injection into a subsidiary by non-controlling interests	–	–	–	–	–	300	300
Loss and total comprehensive loss for the period	–	–	–	(2,679)	(2,679)	(23)	(2,702)
<b>At 30 June 2022 (Unaudited)</b>	26,434	113,760	2,750	(102,576)	40,368	277	40,645
At 1 April 2023 (Audited)	<b>26,434</b>	<b>113,760</b>	<b>2,750</b>	<b>(121,899)</b>	<b>21,045</b>	<b>(8)</b>	<b>21,037</b>
Loss and total comprehensive loss for the period	–	–	–	(4,731)	(4,731)	(103)	(4,834)
<b>At 30 June 2023 (Unaudited)</b>	<b>26,434</b>	<b>113,760</b>	<b>2,750</b>	<b>(126,630)</b>	<b>16,314</b>	<b>(111)</b>	<b>16,203</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.

## 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 Act (as revised) of the Cayman Islands and its shares are listed on GEM of the Stock Exchange. The address of the Company's registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business in Hong Kong of the Company is Unit 603, 6/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon, Hong Kong. The Company's ultimate holding company is Fortune Round Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Wong Man Wai, who is the chairman, chief executive officer and an executive 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 and trading of luxury watches business in Hong Kong.

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Quarterly Financial Statements for the three months ended 30 June 2023 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 Quarterly Financial Statements for the three months ended 30 June 2023 should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2023 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 2023, the principal accounting policies used in the Quarterly Financial Statements for the three months ended 30 June 2023 are consistent with those adopted in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2023.

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 2023. The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported and/or the disclosures set out in the Quarterly Financial Statements.

The Quarterly Financial Statements for the three months ended 30 June 2023 have not been audited by the Group'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 and trading of luxury watches. 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**

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers:</b>		
Restaurants operations	6,833	7,295

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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Timing of revenue recognition:</b>		
At a point in time	6,833	7,295

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.

**5. FINANCE COSTS**

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	91	103
Interest on lease liabilities	162	78
	253	181



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**6. LOSS BEFORE TAX**

Loss before tax is arrived at after charging:

	<b>Three months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>1,718</b>	1,528
Amortisation of intangible assets	<b>44</b>	33
Depreciation of property, plant and equipment	<b>203</b>	3
Depreciation of right-of-use assets	<b>760</b>	1,101
Employee benefit expenses (including Directors' remuneration):	<b>4,188</b>	4,266
— Salaries, allowance and benefits in kind	<b>4,033</b>	4,122
— Retirement benefit scheme contributions	<b>155</b>	144

**7. INCOME TAX EXPENSES**

	<b>Three months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
— Hong Kong Profits Tax	<b>17</b>	222
Deferred tax:		
— Credit for the period	<b>(3)</b>	(3)
	<b>14</b>	219

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:

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(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>(4,731)</b>	(2,679)

	Three months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(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 three months ended 30 June 2023 (for the three months ended 30 June 2022: Nil).

## 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 (the “**Catering Business**”). The Group’s operations, financial performance and condition in 2022 was adversely affected by the outbreak of COVID-19 (the “**Pandemic**”). Following the emergence of the well-documented fifth wave of the Pandemic since January 2022, the Hong Kong government implemented stringent anti-epidemic measures which were effective for a considerable duration of 2022, and as a result, the number of customers visiting our Group’s restaurants has significantly decreased. Although the easing of the Pandemic and the implementation of the relaxation of travel restrictions and stringent anti-epidemic measures (the “**Relaxation Policy**”) in early of 2023, the number of visitors going to Hong Kong and catering business have not improved significantly, comparing the period of the Pandemic. Therefore, the economic situation in Hong Kong, in particular the catering industry, remains uncertain and challenging. In order to cope with the difficulties faced by the Group, the management of the Group adopted cost control measures and periodically evaluated our business strategies. In response to the uncertainty in the Hong Kong economy and in particular the catering industry, the Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future, as well as identifying and exploring other business opportunities to achieve stable return.

At 30 June 2023, we had four restaurants (as at 30 June 2022: three) and one physical store of trading luxury branded watches in Hong Kong (as at 30 June 2022: one).

## MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 2022 and 2023, we operated the following restaurants:

Brand name	Location	Self-owned/ franchised brand	Operations during the three months ended		Proportion of ownership interest of the restaurants held by the Group as at	
			30 June 2023	2022	30 June 2023	2022
Da Shia Taiwan (大呷台灣)	Central	Self-owned	✓ (Note 1)	✓	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 2)	✓	-	100%
Du Hsiao Yueh Restaurant (度小月)	Jaffe Road, Causeway Bay	Franchised	✓ (Note 2)	N/A	100%	N/A
Du Hsiao Yueh Restaurant (度小月)	Portland Street, Mongkok	Franchised	✓ (Note 3)	N/A	100%	N/A
和順記神級雞脾皇	Central	Franchised	- (Note 4)	-	-	-
和順記神級雞脾皇	Jaffe Road, Causeway Bay	Franchised	- (Note 5)	-	-	-

Notes:

1. “Da Shia Taiwan (大呷台灣)” at Central was closed in July 2023.
2. “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 and was closed in July 2023.
3. “Du Hsiao Yueh Restaurant (度小月)” in Portland Street, Mongkok commenced operations in January 2023.
4. “和順記神級雞脾皇” in Central commenced operations in July 2023.
5. “和順記神級雞脾皇” in Jaffe Road, Causeway Bay commenced operations in August 2023.

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 three months ended 30 June 2023, the Group recognised interest income on loan receivables of approximately HK\$60,000 (2022: approximately HK\$60,000).

The Catering Business has been and will continue to be the core business of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The Group's revenue decreased by approximately 6.9% from approximately HK\$7.3 million for the three months ended 30 June 2022 to approximately HK\$6.8 million for the three months ended 30 June 2023. The decrease in revenue was mainly attributable to the negative impacts of the Pandemic to our existing restaurants as discussed in the paragraph headed "Business Review" in this section.

#### Cost of inventories sold

The Group's cost of inventories sold primarily consisted of the cost of all the food and beverages used in restaurant operations. The Group's cost of inventories sold increased by approximately 13.3% from approximately HK\$1.5 million for the three months ended 30 June 2022 to approximately HK\$1.7 million for the three months ended 30 June 2023. The increase in cost of inventories sold was mainly attributable to the increased cost of food and beverage for the three months ended 30 June 2023.

#### Gross profit and gross profit margin

The Group's gross profit for the three months ended 30 June 2023 amounted to approximately HK\$5.1 million, representing a decrease of approximately 12.1% from approximately HK\$5.8 million for the three months ended 30 June 2022. The decrease in gross profit was mainly attributable to the decrease in revenue during the period.

The Group's gross profit margin was 79.1% and 74.9% for the three months ended 30 June 2022 and 2023, respectively. The decrease in gross profit margin for the three months ended 30 June 2023 was mainly driven by the increased cost of food and beverage for the three months ended 30 June 2023.

#### Other income and other gain or loss

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank balances	9	1
Interest income on loan receivables	60	60
Government grant	–	860
COVID-19-related rental concession	–	43
Sundry income	19	41
Total	88	1,005

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's other income and other gain or loss primarily comprised interest income, government grant, sundry income and COVID-19 related rental concession. The Group's other income and other gain or loss decreased from approximately HK\$1.0 million for the three months ended 30 June 2022 to approximately HK\$0.1 million for the three months ended 30 June 2023. The decrease in other income and other gain or loss was mainly attributable to the decrease in government grant for the three months ended 30 June 2023.

### Staff costs and employees

The Group's staff costs primarily comprised salaries, wages and allowances, pension costs and other employee benefits. The Group's staff costs were stable at HK\$4.3 million and HK\$4.2 million for the three months ended 30 June 2022 and 2023.

### Depreciation expenses

The Group's depreciation expenses mainly included the depreciation of right-of-use assets and furniture and fixtures. The Group's depreciation expenses were stable at HK\$1.1 million and HK\$1.0 million for the three months ended 30 June 2022 and 2023.

### Property rentals and related expenses

The Group's property rentals and related expenses amounted to approximately HK\$1.0 million for the three months ended 30 June 2023, representing an increase of approximately 400.0% from approximately HK\$0.2 million for the three-month period ended 30 June 2022. The increase in property rentals and related expenses was mainly attributable to the certain Group's restaurants under short-term leases term for the three months ended 30 June 2023.

### Fuel and utility expenses

The Group's fuel and utility expenses primarily comprised fuel expenses, electricity expenses and water supplies of the Group and amounted to approximately HK\$0.6 million for the three months ended 30 June 2023, representing an increase of approximately 50.0% from approximately HK\$0.4 million for the three months ended 30 June 2022. The increase in fuel and utility expenses was mainly attributable to the increased electricity and fuel costs for the three months ended 30 June 2023.

### Administrative expenses

The Group's administrative expenses mainly represented expenses incurred for its operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, donation, entertainment, repair and maintenance, insurance, legal and professional fees and marketing and promotion expenses. The Group's administrative expenses was stable at HK\$3.1 million for the three months ended 30 June 2022 and 2023.

### Finance costs

The Group's finance costs remained stable at approximately HK\$0.2 million and HK\$0.3 million for the three months ended 30 June 2022 and 2023, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income tax expenses

The Group's income tax expense amounted to approximately HK\$0.1 million for the three months ended 30 June 2023, as compared with the income tax expenses of approximately HK\$0.2 million for the three months ended 30 June 2022. The decrease in income tax expenses was mainly due to the decrease in taxable income of our existing restaurants for the three months ended 30 June 2023.

### Loss

The Group recorded a loss of approximately HK\$4.8 million for the three months ended 30 June 2023 as compared to a loss of approximately HK\$2.7 million for the corresponding period in 2022. The increase in loss was mainly due to (i) increase in other income and gain or loss, which is mainly due to the absence of government grant for the three months ended 30 June 2023; and (ii) increase in property rentals and related expenses was mainly attributable to the certain Group's restaurants under short-term leases for the three months ended 30 June 2023.

### Use of net proceeds from the Listing

The net proceeds from the Listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$41.3 million. The intended use of proceeds 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.

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2023 and the actual use of the proceeds from the Second Placing from 1 April 2023 to 30 June 2023 are set forth below:

Intended use	Adjusted use of Placing Proceeds as stated in the Announcements HK\$'000	Amount of unutilised Placing Proceeds as at 1 April 2023 HK\$'000	Actual use of the Placings Proceeds from 1 April 2023 to 30 June 2023 HK\$'000	Amount of unutilised Placing Proceeds as at 30 June 2023 HK\$'000	Expected timeline for the intended use of the unutilised Placing Proceeds
General working capital for the Group's businesses	37,500	1,312	1,312	–	N/A

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the three months ended 30 June 2023.

### SIGNIFICANT INVESTMENTS HELD

During the three months ended 30 June 2023 and as at 30 June 2023, 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 during the three months ended 30 June 2023.

#### Cash position

As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately HK\$18.5 million (as at 30 June 2022: approximately HK\$52.6 million), which were mainly denominated in Hong Kong dollar. The decrease in the Group's cash and cash equivalents was mainly due to support the Group's daily business operations, the cost of relocation of certain restaurants and the cost of commencement of new restaurants' operations during the both periods.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Borrowings

As at 30 June 2023, the total borrowings of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$18.8 million (as at 30 June 2022: approximately HK\$19.8 million) and the Group had approximately HK\$10.0 million of outstanding committed banking facilities (as at 30 June 2022: approximately HK\$13.9 million), further details of which are set out below:

1. approximately HK\$10.0 million (as at 30 June 2022: HK\$13.9 million) was derived from bank borrowings which bears interest rate at 3.38% per annum (as at 30 June 2022: 2.75%); and
2. approximately HK\$8.8 million was derived from lease liabilities of the Group's properties and motor vehicles (as at 30 June 2022: HK\$5.9 million), which had interest rate ranging from 1.81% to 8.06% per annum (as at 30 June 2022: ranging from 1.81% to 5.19% per annum).

### Pledge of assets

There is no pledge of asset of the Group as at 30 June 2023 (as at 30 June 2022: approximately HK\$0.1 million).

### Gearing ratio

As at 30 June 2023, the gearing ratio of the Group was approximately 115.3% (as at 30 June 2022: approximately 49.1%). The increase was mainly attributable to the 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.

### COMMITMENTS

As at 30 June 2023, the Group had no outstanding capital commitments (as at 30 June 2022: Nil).

### CONTINGENT LIABILITIES

At 30 June 2023, the Group had no significant contingent liabilities (as at 30 June 2022: Nil).

### EVENT AFTER THE REPORTING PERIOD

Subsequent to the three months ended 30 June 2023, restaurants under the brands “*Da Shia Taiwan* (大呷台灣)” in Central and “*Du Hsiao Yueh Restaurant* (度小月)” in Jaffe Road, Causeway Bay were closed in July 2023. At the same time and under same location, two restaurants under franchised brand “和順記神級雞脾皇” commenced operations in Central and Jaffe Road, Causeway Bay.

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

Since the transactions and monetary assets denominated in RMB were minimal for the three months ended 30 June 2022 and 2023, the Group considers that there was no significant foreign exchange risk in respect of RMB for both periods.

The Group did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the three months ended 30 June 2022 and 2023.

### 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 headed "Corporate Governance Report" of the Company's annual report for the year ended 31 March 2023 dated 27 June 2023.

At 30 June 2023, the Group's credit risk is primarily attributable to trade receivables, deposits, other receivables and cash and cash equivalents.

At 30 June 2022 and 2023, 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.

### 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 three months ended 30 June 2023, 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 (i) the outbreak of the Pandemic; and (ii) the certain anti-pandemic measure imposed by the Hong Kong government.

## MANAGEMENT DISCUSSION AND ANALYSIS

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\$37.5 per hour to HK\$40.0 per hour with effect from 1 May 2023, and may further increase and affect our staff costs in the future.
3. At 30 June 2023, 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.

### 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.

Despite the implementation of Relaxation Policy during the early of 2023, the number of visitors going to Hong Kong has not improved significantly and hence the catering business remains uncertain and challenging. In view of the 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 also 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 GEM of the Stock Exchange on 8 August 2016 (the "**Listing Date**"). 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.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the three months ended 30 June 2023, except for the deviation of paragraph C.2.1 of part 2 of the CG Code as disclosed below.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHAIRMAN AND CHIEF EXECUTIVE

Paragraph 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 paragraph C.2.1 of part 2 of the CG Code is appropriate in such circumstance.

### COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, the Directors are not aware of any business or interest of the Directors or the controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the three months ended 30 June 2023.

### 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 June 2023, 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:

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 (Note 1)	1,500,000,000	56.75%
	Beneficial owner (Note 2)	162,120,000	6.13%

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.

### Long positions in underlying shares

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

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

### Long positions in the shares of associated corporation

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

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above and so far as is known to the Directors, at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

At 30 June 2023 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

#### Long positions in the Shares

Name of shareholders	Capacity	Number of ordinary shares in interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner (note 1)	1,500,000,000	56.75%
Ms. Li Wing Yin	Interest of spouse (note 2)	1,662,120,000	62.88%
Keenfull Investments Limited	Beneficial owner (note 3)	317,280,000	12.00%
Mr. Li Chi Keung	Interest of controlled corporation (note 3)	317,280,000	12.00%
Ms. Wong Hoi Ping	Interest of spouse (note 4)	317,280,000	12.00%

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, at 30 June 2023, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

### SHARE OPTION SCHEME

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

The summary of the options granted under the Share Option Scheme that were still outstanding as at 30 June 2023 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 2023	No. of share options granted during the	No. of share options exercised during the	No. of share options cancelled during the	No. of share options lapsed during the	No. of share options outstanding as at 30 June 2023
							three months ended 30 June 2023	three months ended 30 June 2023	three months ended 30 June 2023	three months ended 30 June 2023	
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

As at 1 April 2023 and 30 June 2023, the number of share options available for grant under the Share Option Scheme was 140,000,000. As at 30 June 2023, the number of Shares that may be issued under the Share Option Scheme was 140,000,000 Shares, representing approximately 5.3% of the total issued number of Shares as at that date.

No awards or options had been granted, agreed to be granted, exercised, cancelled, forfeited or lapsed under the Share Option Scheme during the three months ended 30 June 2023 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry with all the Directors, all Directors confirmed that they have complied with the required standard of dealing and the Company's code of conduct regarding securities transactions by the Directors throughout the three-month period ended 30 June 2023.

### 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 paragraph D.3.3 of the CG Code has been adopted. Among other things, the primary duties of the audit committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong. Mr. Ma Yiu Ho Peter is the chairman of the audit committee.

The auditor of the Company has not audited or reviewed the Quarterly Financial Statements of the Group, but the audit committee has reviewed the Quarterly Financial Statements of the Group for the three months ended 30 June 2023.

By order of the Board

**Royal Group Holdings International Company Limited**

**Wong Man Wai**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 8 August 2023

*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.*