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**ROYAL GROUP HOLDINGS INTERNATIONAL COMPANY LIMITED**  
**皇璽集團控股國際有限公司**

*(formerly known as Royal Catering Group Holdings Company Limited 皇璽餐飲集團控股有限公司)*

*(incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8300)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Royal Group Holdings International Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2023. This announcement, containing the full text of the interim report of the Company for the six months ended 30 September 2023 (the “**Interim 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 preliminary announcement of interim results. Printed version of the Interim 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](http://www.hkrcg.com) on 14 November 2023.

By order of the Board

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

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 14 November 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 Listed Company Information” 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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

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



ROYAL GROUP HOLDINGS INTERNATIONAL COMPANY LIMITED

## INTERIM REPORT

# 2023

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## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$17.5 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$14.1 million), representing an increase of approximately HK\$3.4 million or 24.1% over the corresponding period.
- The Group recorded an unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$10.9 million for the six months ended 30 September 2023 (six months ended 30 September 2022: unaudited loss and total comprehensive loss attributable to owners of the Company of approximately HK\$8.0 million).
- The basic and diluted loss per share attributable to owners of the Company for the six months ended 30 September 2023 was HK0.41 cents (six months ended 30 September 2022: the basic and diluted loss per share attributable to owners of the Company of HK0.30 cents).
- The board of Directors (the “**Board**”) has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023, together with the unaudited comparative figures for the respective corresponding period in 2022 as follows:

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

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>17,467</b>	14,133
Cost of inventories sold		<b>(7,119)</b>	(3,273)
<b>Gross profit</b>		<b>10,348</b>	10,860
Other income and other gain		<b>278</b>	1,667
Staff costs		<b>(9,320)</b>	(8,833)
Depreciation expenses		<b>(1,963)</b>	(2,648)
Property rentals and related expenses		<b>(2,047)</b>	(496)
Fuel and utility expenses		<b>(1,099)</b>	(780)
Administrative expenses		<b>(6,673)</b>	(7,365)
<b>Loss from operations</b>		<b>(10,476)</b>	(7,595)
Finance costs	5	<b>(479)</b>	(375)
<b>Loss before tax</b>	6	<b>(10,955)</b>	(7,970)
Income tax expenses	7	<b>(64)</b>	(104)
<b>Loss and total comprehensive loss for the period</b>		<b>(11,019)</b>	(8,074)
<b>Loss and total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(10,893)</b>	(8,013)
Non-controlling interests		<b>(126)</b>	(61)
		<b>(11,019)</b>	(8,074)
<b>Loss per share attributable to owner of the Company</b>			
Basic and diluted loss per share (HK cents)	8	<b>(0.41)</b>	(0.30)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2023

	<i>Notes</i>	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	<b>At 31 March 2023 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>3,934</b>	3,707
Right-of-use assets	11	<b>5,799</b>	7,329
Intangible assets	13	<b>249</b>	289
Rental deposits and prepayments	15	<b>1,518</b>	1,884
Deferred tax asset		<b>742</b>	742
		<b>12,242</b>	13,951
<b>Current assets</b>			
Inventories		<b>3,100</b>	6,517
Trade receivables	14	<b>278</b>	178
Loan receivables		<b>2,091</b>	1,971
Deposits, prepayments and other receivables	15	<b>4,211</b>	4,067
Prepaid tax		<b>206</b>	206
Cash and cash equivalents		<b>15,989</b>	26,697
		<b>25,875</b>	39,636
<b>Current liabilities</b>			
Trade payables	16	<b>1,273</b>	1,458
Accruals and other payables		<b>10,022</b>	9,707
Bank borrowings	17	<b>9,042</b>	10,979
Lease liabilities	12	<b>4,385</b>	5,246
Tax payables		<b>84</b>	14
		<b>24,806</b>	27,404
<b>Net current assets</b>		<b>1,069</b>	12,232
<b>Total assets less current liabilities</b>		<b>13,311</b>	26,183

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2023

	<i>Notes</i>	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	<b>At 31 March 2023 HK\$'000 (Audited)</b>
<b>Non-current liabilities</b>			
Provision for reinstatement costs		<b>160</b>	160
Lease liabilities	12	<b>3,025</b>	4,871
Deferred tax liability		<b>108</b>	115
		<b>3,293</b>	5,146
<b>Net assets</b>			
		<b>10,018</b>	21,037
<b>Capital and reserve</b>			
Share capital	18	<b>26,434</b>	26,434
Reserves		<b>(16,282)</b>	(5,389)
<b>Equity attributable to owners of the Company</b>			
Non-controlling interest		<b>(134)</b>	(8)
<b>Total equity</b>			
		<b>10,018</b>	21,037

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

For the six months ended 30 September 2023

	Attributable to owners of the Company				Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000 <i>(Note)</i>	Accumulated losses HK\$'000			
At 1 April 2022 (Audited)	26,434	113,760	2,750	(99,897)	43,047	—	43,047
Capital injection from non-controlling interest	—	—	—	—	—	300	300
Loss and total comprehensive loss for the period	—	—	—	(8,013)	(8,013)	(61)	(8,074)
At 30 September 2022 (Unaudited)	26,434	113,760	2,750	(107,910)	35,034	239	35,273
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	—	—	—	(10,893)	(10,893)	(126)	(11,019)
<b>At 30 September 2023 (Unaudited)</b>	<b>26,434</b>	<b>113,760</b>	<b>2,750</b>	<b>(132,792)</b>	<b>10,152</b>	<b>(134)</b>	<b>10,018</b>

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



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2023*

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(4,942)</b>	(15,902)
Net cash used in investing activities	<b>(643)</b>	(574)
Net cash used in financing activities	<b>(5,123)</b>	(2,133)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,708)</b>	(18,609)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>26,697</b>	60,672
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>15,989</b>	42,063

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 19 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business of the Company is Unit 603, 6/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon, Hong Kong.

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

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

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

The Interim Financial Statements for the six months ended 30 September 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 Interim Financial Statements for the six months ended 30 September 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 Interim Financial Statements for the six months ended 30 September 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 Interim Financial Statements.

The Interim Financial Statements for the six months ended 30 September 2023 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3. SEGMENT INFORMATION**

The Board is the chief operating decision maker (“**CODM**”). The Group is principally engaged in provision of catering services through a chain of casual dining food catering services restaurants and trading of luxury watches business in Hong Kong.

For the six months ended 30 September 2023, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments as the money lending business met the quantitative thresholds of the operating segments. Prior period segment disclosures have been represented to conform with the current period’s presentation.

**Segment revenues and results**

The following is an analysis of the Group’s revenue and results by reportable segments:

**For the six months ended 30 September 2023**

	<b>Restaurant operations HK\$’000</b>	<b>Trading of luxury watches business HK\$’000</b>	<b>Money lending business HK\$’000</b>	<b>Total HK\$’000</b>
Segment revenue	<b>14,183</b>	<b>3,284</b>	–	<b>17,467</b>
Segment (loss)/profit	<b>(3,260)</b>	<b>(150)</b>	<b>77</b>	<b>(3,333)</b>
Unallocated other income				<b>16</b>
Unallocated corporate expenses				<b>(7,159)</b>
Finance costs				<b>(479)</b>
Loss before tax				<b>(10,955)</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3. SEGMENT INFORMATION** *(Continued)*  
**Segment revenues and results** *(Continued)*

For the six months ended 30 September 2022

	Restaurant operations HK\$'000	Trading of luxury watches business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Segment revenue	14,133	–	–	14,133
Segment profit/(loss)	(189)	–	78	(111)
Unallocated other income				542
Unallocated corporate expenses				(8,026)
Finance costs				(375)
Loss before tax				(7,970)

The CODM makes decisions according to operating results of each segment. The Group does not monitor the measurement of total assets and liabilities by each reportable segment due to the nature of the Group's operations. Therefore, only segment revenue and segment results are presented.

All of the non-current assets are located in Hong Kong.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. REVENUE

	Six months ended 30 September	
	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Revenue from contracts with customers:</b>		
Restaurant operations	14,183	14,133
Trading of luxury watches business	3,284	–
	<b>17,467</b>	14,133

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

	Six months ended 30 September	
	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Timing of revenue recognition:</b>		
At a point in time	17,467	14,133

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**5. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on bank borrowings	<b>176</b>	196
Interest on lease liabilities	<b>303</b>	179
	<b>479</b>	375

**6. LOSS BEFORE TAX**

Loss before tax is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>7,119</b>	3,273
Amortisation of intangible assets	<b>40</b>	40
Depreciation of property, plant and equipment	<b>433</b>	51
Depreciation of right-of-use assets	<b>1,530</b>	2,597
Employee benefit expenses (including Directors' remuneration):	<b>9,320</b>	8,833
— Salaries, allowance and benefits in kind	<b>9,042</b>	8,592
— Retirement benefit scheme contributions	<b>278</b>	241

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax		
— Hong Kong Profit Tax	70	111
Deferred tax		
— Credit for the period	(6)	(7)
	64	104

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:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(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>(10,893)</b>	(8,013)

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>2,643,360</b>	2,643,360

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

**9. DIVIDEND**

No dividend has been paid or declared by the Company for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2023, there was an increase in property, plant and equipment of the Group of approximately HK\$0.6 million (six months ended 30 September 2022: increase in property, plant and equipment of the Group of approximately HK\$0.8 million).



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**11. RIGHT-OF-USE ASSETS**

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	<b>At 31 March 2023 HK\$'000 (Audited)</b>
Carrying amount of:		
Restaurants	<b>5,799</b>	7,329

**12. LEASE LIABILITIES**

	<b>At 30 September 2023 HK\$'000 (Unaudited)</b>	<b>At 31 March 2023 HK\$'000 (Audited)</b>
Present value of lease payment:		
Within one year	<b>4,384</b>	5,246
Within a period of more than one year but not more than two years	<b>3,026</b>	3,563
Within a period of more than two years but not more than five years	–	1,308
Present value of lease liabilities	<b>7,410</b>	10,117
Less: amount due for settlement within 12 months shown under current liabilities	<b>(4,385)</b>	(5,246)
Amounts due for settlement after 12 months shown under non-current liabilities	<b>3,025</b>	4,871

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**13. INTANGIBLE ASSETS**

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

The assets are amortised on a straight-line basis over the period of 15 years. The Directors concluded that there is no impairment as at 30 September 2023.

**14. TRADE RECEIVABLES**

The Group’s trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date. The credit terms of the Group’s trade receivables granted to airlines and other corporate customers are generally ranging from 1 day to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for expected credit loss (“ECL”):

	<b>At 30 September 2023 HK\$’000 (Unaudited)</b>	<b>At 31 March 2023 HK\$’000 (Audited)</b>
0–30 days	<b>231</b>	138
31–60 days	<b>23</b>	11
61–90 days	<b>13</b>	1
Over 90 days	<b>11</b>	28
	<b>278</b>	178

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>At</b> <b>30 September</b> <b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>At</b> <b>31 March</b> <b>2023</b> <b>HK\$'000</b> <b>(Audited)</b>
Deposits	<b>4,168</b>	4,061
Prepayments	<b>1,521</b>	1,857
Other receivables, net of allowance for ECL	<b>40</b>	33
	<b>5,729</b>	5,951
Less: Non-current portion	<b>(1,518)</b>	(1,884)
Current portion	<b>4,211</b>	4,067

**16. TRADE PAYABLES**

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

	<b>At</b> <b>30 September</b> <b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>At</b> <b>31 March</b> <b>2023</b> <b>HK\$'000</b> <b>(Audited)</b>
0–30 days	<b>655</b>	506
31–60 days	<b>341</b>	551
61–90 days	<b>128</b>	229
Over 90 days	<b>149</b>	172
	<b>1,273</b>	1,458

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. BANK BORROWINGS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Secured bank borrowings	<b>9,042</b>	10,979
Carrying amounts (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	<b>3,875</b>	3,875
– More than one year but less than two years	<b>3,875</b>	3,875
– More than two years but less than five years	<b>1,292</b>	3,229
	<b>9,042</b>	10,979

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

At 30 September 2023, all bank borrowings were guaranteed by Mr. Wong Man Wai (“**Mr. Wong**”), being an executive director of the Company (31 March 2023: all bank borrowings were guaranteed by Mr. Wong).

At 30 September 2023, all bank borrowings were interest bearing at HK\$ prime rate minus a spread (31 March 2023: HK\$ prime rate minus a spread). The effective interest rate on the bank borrowings was 3.38% (31 March 2023: 3.38%) per annum.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 18. SHARE CAPITAL

	Number of shares		Share capital	
	At 30 September 2023 '000 (Unaudited)	At 31 March 2023 '000 (Audited)	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Ordinary share of HK\$0.01 each				
<b>Authorised:</b>				
At the beginning and end of the reporting period	<b>20,000,000</b>	20,000,000	<b>200,000</b>	200,000
<b>Issued and fully paid:</b>				
At the beginning and end of the reporting period	<b>2,643,360</b>	2,643,360	<b>26,434</b>	26,434

## 19. MATERIAL RELATED PARTY TRANSACTIONS

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

## 20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 September 2023, one restaurant of the Group under franchised brand “和順記神級雞脾皇” commenced operations in Portland Street, Mongkok.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

We are a food and beverage group in Hong Kong operating casual dining restaurants under a portfolio of brands in the urban area of Hong Kong. At 30 September 2023, we had three restaurants in operation (as at 31 March 2023: four) and nil physical store of trading luxury brand watches in Hong Kong in operation (as at 31 March 2023: one).

During the six months ended 30 September 2022 and 2023, we operated the following restaurants:

Brand name	Location	Self-owned/ franchised brand	Operations during the six months ended		Proportion of ownership interest of the restaurants held by the Group as at	
			30 September 2023	2022	30 September 2023	2022
<i>Da Shia Taiwan (大呷台灣)</i>	Central	Self-owned	✓ (Note 1)	✓	-	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Harbour City, Tsim Sha Tsui	Franchised	✓	✓	100%	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Times Square, Causeway Bay	Franchised	- (Note 2)	✓	-	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Jaffe Road, Causeway Bay	Franchised	✓ (Note 2)	N/A	-	N/A
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Portland Street, Mongkok	Franchised	✓ (Note 3)	N/A	-	N/A
<i>和順記神級雞腩皇</i>	Central	Franchised	✓ (Note 4)	N/A	100%	N/A
<i>和順記神級雞腩皇</i>	Jaffe Road, Causeway Bay	Franchised	✓ (Note 5)	N/A	100%	N/A
<i>和順記神級雞腩皇</i>	Portland Street, Mongkok	Franchised	- (Note 6)	N/A	-	N/A

Notes:

1. “*Da Shia Taiwan (大呷台灣)*” in 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 and was closed in August 2023.
4. “*和順記神級雞腩皇*” in Central commenced operations in July 2023.
5. “*和順記神級雞腩皇*” in Jaffe Road, Causeway Bay commenced operations in August 2023.
6. “*和順記神級雞腩皇*” in Portland Street, Mongkok commenced operations in October 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the Company's announcement dated 10 September 2020, the Group has obtained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong). During the six months ended 30 September 2023, the Group recognised interest income on loan receivables of approximately HK\$0.1 million (six months ended 30 September 2022: approximately HK\$0.1 million).

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group increased by approximately HK\$3.4 million or 24.1% from approximately HK\$14.1 million for the six months ended 30 September 2022 to approximately HK\$17.5 million for the six months ended 30 September 2023. The increase in revenue was mainly attributable to the revenue from trading of luxury watches business during the six months ended 30 September 2023, while the revenue from restaurant operations remained stable.

#### Cost of inventories sold

Cost of inventories sold primarily consisted of the cost of all the food and beverages used in restaurant operations and the cost of purchase of luxury watches. The cost of inventories sold of the Group increased by approximately HK\$3.8 million or 115.2% from approximately HK\$3.3 million for the six months ended 30 September 2022 to approximately HK\$7.1 million for the six months ended 30 September 2023. The increase in cost of inventories sold was mainly attributable to the cost of purchase of luxury watches.

#### Gross profit and gross profit margin

The Group's gross profit, which is equal to revenue minus cost of inventories sold, for the six months ended 30 September 2022 and 2023 was stable at approximately HK\$10.9 million and HK\$10.3 million, respectively.

The overall gross profit margin of the Group was approximately 76.8% and 59.2% for the six months ended 30 September 2022 and 2023, respectively. The decrease in overall gross profit margin for the six months ended 30 September 2023 was mainly driven by the effect of the relatively low profit margin from the business of trading luxury branded watches in Hong Kong. The Group will cease luxury watch business after selling all remaining luxury watch inventory due to relative low profit margin.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other income and other gain

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income on bank balances	17	1
Interest income on loan receivables	120	120
Government grant	–	1,472
Sundry income	141	74
<b>Total</b>	<b>278</b>	<b>1,667</b>

Other income and other gain primarily consist of interest income on bank balances and loan receivables, government grant and sundry income. The other income and other gain of the Group decreased by approximately 82.4% from approximately HK\$1.7 million for the six months ended 30 September 2022 to approximately HK\$0.3 million for the six months ended 30 September 2023. The decrease in other income and other gain was mainly attributable to the non-recurring gain on the government grant recognised for the six months ended 30 September 2022.

### Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs of the Group increased by approximately 5.7% from approximately HK\$8.8 million for the six months ended 30 September 2022 to approximately HK\$9.3 million for the six months ended 30 September 2023. At 30 September 2023, the Group had 77 employees (at 30 September 2022: 64 employees). The increase in number of employees was mainly due to the commencement of the Group's new restaurants under brands “和順記神級雞脾皇” in Central and in Jaffe Road, Causeway Bay during the six months ended 30 September 2023.

### Depreciation

Our depreciation expenses mainly included the depreciation of right-of-use assets, building, leasehold improvements and catering and other equipment, remained stable and amounted to approximately HK\$2.6 million and HK\$2.0 million for the six months ended 30 September 2022 and 2023, respectively.

### Property rentals and related expenses

The Group's property rentals and related expenses amounted to approximately HK\$2.0 million for the six months ended 30 September 2023, representing an increase of approximately 300.0% from approximately HK\$0.5 million for the six months ended 30 September 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 six months ended 30 September 2023.



## 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. The fuel and utility expenses of the Group remained stable and amounted to approximately HK\$0.8 million and HK\$1.1 million for the six months ended 30 September 2022 and 2023, respectively.

### Administrative expenses

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

Administrative expenses decreased from approximately HK\$7.4 million for the six months ended 30 September 2022 to approximately HK\$6.7 million for the six months ended 30 September 2023, representing a decrease of approximately 9.5%, which was mainly due to the decrease in certain administration items, including marketing and promotion expenses, legal and professional fee and repair and maintenance during the period.

### Income tax expenses

The Group's income tax expenses was stable at HK\$0.1 million for the six months ended 30 September 2022 and 2023.

### Finance costs

The Group's finance costs remained stable at approximately HK\$0.4 million and HK\$0.5 million for the six months ended 30 September 2022 and 2023, respectively.

### Loss

The Group recorded a loss of approximately HK\$11.0 million for the six months ended 30 September 2023 as compared to a loss of approximately HK\$8.1 million for the corresponding period in 2022. The increase in loss was mainly due to (i) decrease in other income and other gain, which was mainly due to the absence of government grant for the six months ended 30 September 2023; and (ii) increase in property rentals and related expenses, which was mainly attributable to the certain Group's restaurants under short-term leases for the six months ended 30 September 2023.

### Use of unutilised proceeds from the Listing

The net proceeds from the Listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$41.3 million. The intended use of proceeds was set out in the prospectus of the Company dated 1 August 2016 (the "**Prospectus**") and has been subsequently amended as summarised in the announcements of the Company dated 9 April 2018, 9 October 2018 and 24 June 2020. The Company has fully utilised all the proceeds from the Listing before 31 March 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Use of net proceeds from issue of Shares

Apart from the net proceeds from the Listing, the Company raised funds from the following issue of ordinary shares of the Company (“**Shares**”):

- 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.
- On 5 January 2018, the Company placed 440,560,000 new ordinary Shares to not less than six placees, who were independent third parties at the placing price of HK\$0.105 per share (the “**Second Placing**”). The net proceeds from the Second Placing, after deducting the placing agent commission and other expenses incurred for the Second Placing, amounted to approximately HK\$45.2 million. The net price per Second Placing Share was approximately HK\$0.103 and the closing price on the date of the Second Placing agreement was HK\$0.101 per Share.

As disclosed in the Company’s announcements dated 24 June 2020 and 7 April 2022 (collectively, the “**Announcements**”), 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 as at 30 September 2023 and the actual use of the proceeds from the Second Placing from 1 April 2023 to 30 September 2023 are set forth below:

	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 September 2023 HK\$'000	Amount of unutilised Placing Proceeds as at 30 September 2023 HK\$'000	Expected timeline for the intended use of the unutilised Placing Proceeds
Intended use					
General working capital for the Group’s businesses	37,500	1,312	1,312	–	N/A

As at 30 September 2023, all the Placing Proceeds had been fully utilised.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

### SIGNIFICANT INVESTMENTS HELD

During the six months ended and as at 30 September 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 since 31 March 2023.

#### Cash position

At 30 September 2023, the cash and cash equivalents of the Group amounted to approximately HK\$16.0 million (at 31 March 2023: approximately HK\$26.7 million), which were mainly denominated in Hong Kong dollar. The decrease in the Group's cash and cash equivalents was mainly due to the net cash used in operating activities 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 six months ended 30 September 2023.

#### Borrowing

At 30 September 2023 the total borrowings of the Group comprising bank borrowings and lease liabilities, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$16.4 million (at 31 March 2023: approximately HK\$21.1 million) and the Group had approximately HK\$9.0 million of outstanding committed banking facilities (at 31 March 2023: approximately HK\$11.0 million), further details of which are set out below:

1. approximately HK\$9.0 million (at 31 March 2023: approximately HK\$11.0 million) was derived from the bank borrowings which bears interest rate at 3.38% per annum as at 30 September 2022 (at 31 March 2023: 3.38% per annum); and
2. approximately HK\$7.4 million was derived from lease liabilities of the Group's restaurants and motor vehicle (at 31 March 2023: HK\$10.1 million), which had interest rate ranging from 1.81% to 8.06% per annum (at 31 March 2023: ranging from 1.81% to 8.06% per annum).

#### Pledge of assets

There was no pledge of asset of the Group as at 30 September 2023 (as at 31 March 2023: Nil).

#### Gearing ratio

At 30 September 2023, the gearing ratio of the Group was approximately 162.1% (as at 31 March 2023: approximately 100.2%). 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMMITMENTS

At 30 September 2023, the Group had no significant capital commitments (at 31 March 2023: Nil).

### CONTINGENT LIABILITIES

At 30 September 2023, the Group had no significant contingent liabilities (at 31 March 2023: Nil).

### FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HK\$ and Renminbi (“**RMB**”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

Since the transactions and monetary assets denominated in RMB are minimal for the six months ended 30 September 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 six months ended 30 September 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 “Corporate Governance Report” of 2022/23 annual report dated 27 June 2023.

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

At 30 September 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The Group's revenue derived from restaurants in Hong Kong may experience fluctuations from period to period due to seasonality and other factors.
2. The Group's revenue was substantially derived from the restaurants in urban area in Hong Kong during the period under review, therefore the Group's operations may be affected by any future development in urban area of Hong Kong.
3. During the six months ended 30 September 2023, the Group generated all of its revenue in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond the Group's control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn or mass civil disobedience movements, our overall business and results of operations may be materially and adversely affected.

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 September 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.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this report, the Group did not have other plans for material investments and capital assets at 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

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

With the implementation of the relaxation of travel restrictions and stringent anti-epidemic measures after the outbreak of COVID-19 during the first quarter of 2023, the number of visitors going to Hong Kong increased and hence the catering business was expected to gradually improve. Having said that, we consider that the outlook of the catering industry in Hong Kong remains highly uncertain in the near future. 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 government in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the six months ended 30 September 2023, except for the deviations of code provision C.2.1 of Part 2 of the CG Code.

### CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Currently, Mr. Wong Man Wai is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Wong Man Wai has been operating and managing the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Wong Man Wai taking up both roles for effective management and business development. It provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Wong Man Wai. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Wong Man Wai is the most suitable person to occupy both positions for effective management of the Group. Therefore, the Board considers that the deviation from code provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPETING BUSINESS

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

#### Long positions in the Shares

Name of Director	Capacity	Number of Shares interested	Percentage of shareholding
Mr. Wong Man Wai	Interest of controlled corporation <sup>(Note 1)</sup>	1,500,000,000	56.75%
	Beneficial owner <sup>(Note 2)</sup>	162,120,000	6.13%

Notes:

- 1,500,000,000 Shares were 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 was 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 were held by Mr. Wong Man Wai in his own name.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Long positions in underlying Shares

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

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

### Long positions in the shares of associated corporation

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

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

At 30 September 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 Shares 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)	317,320,000	12.00%
Mr. Li Chi Keung	Interest of controlled corporation (note 3)	317,320,000	12.00%
Ms. Wong Hoi Ping	Interest of spouse (note 4)	317,320,000	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 was deemed to be interested in the 317,320,000 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 was deemed to be interested in all the Shares in which Mr. Li Chi Keung is interested under the SFO.

Save as disclosed above, at 30 September 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the joint announcement of the Company and Sky Shield Investment Limited (“**Sky Shield**”) dated 9 October 2023, on 29 September 2023:

- (a) Sky Shield (as purchaser), Fortune Round Limited, Mr. Wong Man Wai and Keenfull Investments Limited (as vendors) entered into a sale and purchase agreement, pursuant to which:
  - (i) Fortune Round Limited agreed to sell, and Sky Shield agreed to acquire, the full legal and beneficial title and interest in 1,250,000,000 Shares, representing approximately 47.29% of the total issued share capital of the Company;
  - (ii) Mr. Wong Man Wai agreed to sell, and Sky Shield agreed to acquire, the full legal and beneficial title and interest in 162,120,000 Shares, representing approximately 6.13% of the total issued share capital of the Company; and
  - (iii) Keenfull Investments Limited agreed to sell, and Sky Shield agreed to acquire, the full legal and beneficial title and interest in 317,320,000 Shares, representing approximately 12.00% of the total issued share capital of the Company; and
- (b) Ms. Kong Yuen Man (as purchaser) and Fortune Round Limited (as vendor) entered into a sale and purchase agreement, pursuant to which Fortune Round Limited agreed to sell, and Ms. Kong Yuen Man agreed to acquire, the full legal and beneficial title and interest in 250,000,000 Shares, representing approximately 9.46% of the total issued share capital of the Company.

The above sale and purchase transactions were completed on 3 October 2023.

Sky Shield is a company incorporated in the British Virgin Islands and is legally, beneficially and wholly owned by Mr. Zhou Feng.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 July 2016. On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one eligible participant for a total of 60,000,000 Shares of HK\$0.01 each of the Company at the exercise price of HK\$0.163 per Share under the Share Option Scheme. As at 30 September 2023, no option has been exercised.

The summary of the options granted under the Share Option Scheme that were still outstanding as at 30 September 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	No. of	No. of	No. of	No. of share options outstanding as at 30 September 2023
							share options granted during the six months ended 30 September 2023	share options exercised during the six months ended 30 September 2023	share options cancelled during the six months ended 30 September 2023	share options lapsed during the six months ended 30 September 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 September 2023, the number of share options available for grant under the Share Option Scheme was 140,000,000.

As at 30 September 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 six months ended 30 September 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 Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry with all the Directors, all Directors confirmed that they have complied with the required standard of dealing and the Company's code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 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 code provisions D.3.3 and D.3.7 of Part 2 of the CG Code has been adopted. Among other things, the primary duties of the audit committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong. Mr. Ma Yiu Ho Peter is the chairman of the audit committee.

The auditor of the Company has not audited or reviewed the Interim Financial Statements of the Group, but the audit committee has reviewed the Interim Financial Statements of the Group for the six months ended 30 September 2023.

By order of the Board

**Royal Group Holdings International Company Limited**

**Wong Man Wai**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 14 November 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.*