



**TASTE · GOURMET GROUP LIMITED**  
**嚙 · 高美集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

**2019/20 INTERIM REPORT**



**STOCK  
CODE :  
8371**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. WONG Ngai Shan (*Chairman*)  
Ms. CHAN Wai Chun (*Chief Executive Officer*)

#### Independent non-executive Directors

Ms. CHAN Yuen Ting  
Mr. TSANG Siu Chun  
Mr. WANG Chin Mong

### COMPLIANCE OFFICER

Mr. YU Man To Gerald Maximillian

### AUTHORISED REPRESENTATIVES

Mr. WONG Ngai Shan  
Mr. YU Man To Gerald Maximillian

### COMPANY SECRETARY

Mr. YU Man To Gerald Maximillian  
*B.BUS, MBA, FCPA*

### AUDIT COMMITTEE

Mr. WANG Chin Mong (*Chairman*)  
Ms. CHAN Yuen Ting  
Mr. TSANG Siu Chun

### REMUNERATION COMMITTEE

Mr. TSANG Siu Chun (*Chairman*)  
Ms. CHAN Yuen Ting  
Mr. WANG Chin Mong  
Mr. WONG Ngai Shan

### NOMINATION COMMITTEE

Ms. CHAN Yuen Ting (*Chairman*)  
Mr. TSANG Siu Chun  
Mr. WANG Chin Mong

### COMPLIANCE COMMITTEE

Ms. CHAN Yuen Ting (*Chairman*)  
Mr. TSANG Siu Chun  
Mr. WANG Chin Mong

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### COMPLIANCE ADVISER

Dongxing Securities (Hong Kong)  
Company Limited

### REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111, Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 24/F Crawford Tower  
99-101 Jervois Street, Sheung Wan, Hong Kong

### PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111, Cayman Islands

### HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East, Hong Kong

### PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited

### STOCK CODE

08371

### COMPANY'S WEBSITE

[www.tastegourmet.com.hk](http://www.tastegourmet.com.hk)



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GROUP LIMITED**  
嚐 • 高美集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

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**INTERIM REPORT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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

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## BUSINESS REVIEW

### Restaurant Network

During the six months ended 30 September 2019, we opened five new restaurants: (1) Nabe Urawa Restaurant at the Park Central in Tseung Kwan O; (2) Rakuraku Ramen Restaurant at the MegaBox in Kowloon Bay; (3) Rakuraku Ramen Restaurant at the Kornhill Plaza in Taikoo; (4) Xiang Hui Restaurant at the PopWalk in Tseung Kwan O; and (5) Takano Ramen Restaurant at the K11 MUSEA in Tsim Sha Tsui. The shop at which Xiang Hui is located was previously one of our Parkview Restaurant which was closed down at the end of February 2019 and reopened as Xiang Hui during April 2019. The Pho at the Hysan Place Food Court in Causeway Bay was closed down in September 2019.

The number of restaurants as at 31 March 2019, 30 September 2019 and as at the date of this report are as follows:

Restaurant	31 March 2019	30 September 2019	Date of this Report
La'taste	5	5	5
Nabe Urawa	4	5	5
Dab-Pa	3	3	3
Parkview	2	2	2
Say Cheese Kiosk	2	2	2
Say Cheese	1	1	1
Sweetology	1	1	1
Urawa	1	1	1
Rakuraku Ramen	1	3	3
Takano Ramen	–	1	1
Madam Saigon <sup>(1)</sup>	1	1	1
The Pho <sup>(1)</sup>	1	–	–
Xianghui <sup>(2)</sup>	–	1	1
<b>Total</b>	<b>22</b>	<b>26</b>	<b>26</b>

Notes:

(1) 50% owned by the Group.

(2) 40% owned by the Group.

During the period, we entered into a franchise agreement with a French cuisine brand from Japan, Tirpse, for a period of six years and at the same time, we entered into a lease agreement at the K11 MUSEA in Tsim Sha Tsui. Please refer to the paragraph "Tirpse" below for details.

Confirmed leases for the opening of new restaurants are as follows:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date	Seats	Site Area (Sq M)
Dab-Pa	Citygate, Tung Chung	Swire Group	31/10/2024	None	Q4 2019	120	236.90
Nabe Urawa	Nina Mall II, Tsuen Wan	China Chem	22/09/2025	None	Q4 2019	120	250.80
Tirpse	K11 MUSEA, Tsim Sha Tsui	New World Group	15/10/2022	3	Q4 2019	80	293.02

The Nabe Urawa Restaurant at the Nina Mall II in Tsuen Wan is due to open in the second half of November 2019.

The Dab-Pa Restaurant at the Citygate in Tung Chung and Tirpse at the K11 MUSEA are currently under renovation and are expected to commence operations in December 2019.

## Tirpse

During the period, we entered into a Franchise Agreement (the "**Franchise Agreement**") to license the rights to the exclusive and unlimited usage in Hong Kong and Macau of a contemporary French-Japanese fusion cuisine brand "TIRPSE" (the "**Franchise**") from Tokyo, Japan. The Franchise is for a period of six years commencing from 16 October 2019 (the "**Initial Franchise Period**") and the Franchise Agreement is automatically extended for a further six years in the event that no objection is made by either party six months prior to the end of the Initial Franchise Period.

Tirpse, which is "esprit", the French word for spirit, spelled backwards, first gained fame as the fastest restaurant to be awarded a Michelin star within two months of opening in 2015. Tirpse was also named as one of Diners Club World Best 50 Restaurants in 2017. Curated by the brand owner, Mr. Ohashi Naotaka has worked for Hiramatsu Restaurant in Japan, Cordeillan-Bages in France and the Michelin Three-starred Quintessence in Tokyo before opening Tirpse.

For details of the Franchise Agreement, please refer to the announcement issued by the Company dated 22 October 2019.

## Significant Investments, Material Acquisitions or Disposals

Other than the Franchise Agreement, there were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2019.

## New Appointment

Mr. Yuen Wah Lam, Alan, aged 53 joined our Group as the Chief Operating Officer on 1 October 2019 responsible for the operational aspects of all our restaurants. Mr. Yuen has over 34 years of experience in the food and beverage industry and has spent over 11 years at The Peninsula Group and over 20 years at Select Service Partners, one of the major restaurant operators at the Hong Kong International Airport.

## Restaurant Operations

During the six months ended 30 September 2019, a total of 1,350,160 customers patronised our restaurants (excluding Madam Saigon, The Pho and Xianghui as they are equity accounted for in the consolidated financial statements of the Group), an increase of 383,567 customers or 39.7% when compared to the same period last year. The average spending per customer increased from HK\$142.3 to HK\$148.9 for the six months ended 30 September 2019 compared to the same period last year but if the kiosks and the dessert business are excluded, the average spending per customer decreased slightly to HK\$158.0 from HK\$160.8 when compared to the previous year due to the lower average spending per customer for our ramen restaurants. The key operating information by cuisine are summarised as follows:

	Six Months Ended 30 September											
	2019						2018					
	Revenue HK\$'000	Number of Seats	Average Daily Sales HK\$	Number of Customers	Average Spending per Customer HK\$	Daily Seating Turnover Rate	Revenue HK\$'000	Number of Seats	Average Daily Sales HK\$	Number of Customers	Average Spending per Customer HK\$	Daily Seating Turnover Rate
Vietnamese	33,428	494	183,388	317,309	105.3	3.5	35,182	494	193,306	339,615	103.6	3.8
Japanese	88,912	974	567,442	471,135	188.7	3.1	60,395	619	334,634	246,586	244.9	2.2
Chinese	35,105	336	194,618	200,649	175.0	3.3	28,115	336	203,612	170,809	164.6	3.7
Western	37,298	322	203,812	243,839	153.0	4.1	6,926	173	41,594	55,143	125.6	1.9
	194,743	2,126	1,149,260	1,232,932	158.0	3.4	130,618	1,622	773,146	812,153	160.8	3.0
Dessert	4,100	31	22,403	61,541	66.6	10.8	4,359	31	23,948	85,344	51.1	15.1
Kiosks	2,184	16	11,939	55,687	39.2	19.0	2,564	16	14,090	69,096	37.1	23.7
	201,027	2,173	1,183,602	1,350,160	148.9	3.7	137,541	1,669	811,184	966,593	142.3	3.4

We strive to uphold our core values of "Food Quality and Customer Satisfaction" through providing to our diversified customer base a pleasant experience with quality dishes and attentive services at affordable price. We believe our multi-brand strategy enables us to capture a diversified group of customers with different taste and allow us to benefit from a wide source of revenue. Given the dynamic market and changing taste of customers in general, we endeavour to maintain a diversified portfolio of brands in order to maintain our competitiveness towards our customers.

### **Grant of Share Options**

On 9 August 2019, a total of 1,920,000 share options were granted to eligible employees of the Company to subscribe for 1,920,000 Shares at an exercise price of HK\$0.85 per Share (the "**Share Options**"). The Share Options granted represent approximately 0.5% of the total issued capital of the Company as at date of the grant. No Share Options were granted to any of the Directors. For details of the grant of Share Options, please refer to the announcement issued by the Company dated 9 August 2019.



## Future Plans

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the period from the 1 April 2019 to 30 September 2019:

Business Strategies	Business plan from 1 April 2019 to 30 September 2019 as set out in the Prospectus	Business plan not yet completed carried over from Previous Periods	Actual progress from 1 April 2019 to 30 September 2019
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur:  (i) Part of the renovation costs for the third Nabe Urawa Restaurant in the New Territories; and  (ii) Renovation costs and acquisition costs for furniture and equipment and consumables for the first new La'taste Restaurant in Kowloon.	(iii) renovation costs, acquisition costs for furniture and equipment and consumables for the first new Dab-Pa (Citygate Dab-Pa); and  (iv) the rental, utilities and management fee deposits for the third new Nabe Urawa Restaurant in the New Territories which was reallocated to our Takano Ramen Restaurant.	The actual progress are as follows:  (i) Adjusted use of proceeds as per actual Net Proceeds for the third Nabe Urawa Restaurant in the New Territories have been reallocated to Kornhill Rakuraku Restaurant and Takano Ramen Restaurant as per announcement issued by the Company dated 31 January 2019 and 20 May 2019, respectively (the "Reallocated Costs"). The Reallocated Costs have been fully utilised; and  (ii) Adjusted use of proceeds as per actual Net Proceeds for the first new La'taste Restaurant in Kowloon have been reallocated to Kornhill Rakuraku Restaurant as per announcement issued by the Company dated 31 January 2019 and the costs of which have been fully utilised.  (iii) As discussed above, due to the delay in the construction of the site at the Citygate in Tung Chung, we have taken possession of the site in November 2019. The renovation costs, acquisition costs for furniture and equipment and consumables have been partially utilised with the remaining costs to be utilised during the period from 1 October 2019 to 31 March 2020.  (iv) Part of the Reallocated Costs which have been fully utilised.
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	(i) Renovation and refurbishment of TFC, TLA and TLK.	(ii) Renovation and refurbishment of the Dab-Pa Restaurant at the Elements ("TDC").	(i) The funds for TFC has been reallocated as TFC was closed in August 2018 and has since reopened as Madam Saigon. Renovations were carried out for TLA and TLK during the period from 1 April 2019 to 30 September 2019.  (ii) A total of HK\$1.2 million was incurred on the renovation and refurbishment of TDC.
Upgrade our information technology system	Upgrade our point-of-sale (POS) system at our restaurants		A total of HK\$0.2 million have been utilised during the period.

Notes:

TFC – Fiat Caffé at the Mira Place in Tsim Sha Tsui

TLA – La'taste Restaurant at the Far East Finance Centre in Admiralty

TLK – La'taste Restaurant at the Kornhill Plaza in Kornhill

TLC – La'taste Restaurant in Stanley Street in Central

TLM & TNM – La'taste Restaurant and Nabe Urawa Restaurant at the Grand Plaza in Mongkok

TDB – Dab-pa Bistro Restaurant at the Tuen Mun Town Plaza

TNT – Nabe Urawa Restaurant at The One in Tsim Sha Tsui

PVNT – Parkview Restaurant at the New Town Plaza in Shatin

PVMP – Parkview Restaurant at the Metroplaza in Kwai Fong

## Use of Proceeds

The Net Proceeds from the Share Offer had been applied as follows:

	Unutilised as at 1 April 2019 HK\$ Millions	Utilised as at 30 September 2019 HK\$ Millions	Unutilised as at 30 September 2019 HK\$ Millions
<b>Expand our restaurants in Hong Kong</b>			
– TKO Nabe Urawa	0.5	(0.5)	–
– Dab-Pa Restaurant (Citygate)	5.0	–	5.0
– Nabe Urawa (Nina Tower II)	5.7	–	5.7
– MegaBox Rakuraku	0.8	(0.8)	–
– Kornhill Rakuraku	2.0	(2.0)	–
– Takano Ramen	2.5	(2.5)	–
	16.5	(5.8)	10.7
<b>Enhance our brand recognition</b>			
– Renovation of TUS, TLO, TDC, TFC, TLA, TLK, TLC, TLM, TNM and TNT	6.4	(1.4)	5.0

	Unutilised as at 1 April 2019 HK\$ Millions	Utilised as at 30 September 2019 HK\$ Millions	Unutilised as at 30 September 2019 HK\$ Millions
<b>Other use of proceeds</b>			
– Upgrading our information technology system (PVNT, PVMP & TDC)	0.2	(0.2)	–
<b>Total Use of Proceeds</b>	23.1	(7.4)	15.7

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 September 2019, the Group recorded revenue of approximately HK\$201,027,000, representing an increase of 46.2% when compared to the same period in last year.

We derive our revenue from the sales of food and beverages at our restaurants in Hong Kong. The following tables sets forth the breakdown of our revenue by cuisine and the number of restaurants in operations by cuisine during the relevant periods.

	Six months ended				Changes
	30.09.2019		30.09.2018		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Vietnamese	33,428	16.6%	35,182	25.6%	–5.0%
Japanese	88,912	44.2%	60,395	43.9%	47.2%
Western	37,298	18.6%	6,926	5.0%	438.5%
Chinese	35,105	17.5%	28,115	20.4%	24.9%
Dessert	4,100	2.0%	4,359	3.2%	–5.9%
Kiosks	2,184	1.1%	2,564	1.9%	–14.8%
<b>Total revenue</b>	<b>201,027</b>	<b>100.0%</b>	<b>137,541</b>	<b>100.0%</b>	<b>46.2%</b>

The increase in revenue is attributable to the opening of: (1) Nabe Urawa Restaurant at the Park Central in Tseung Kwan O; (2) Rakuraku Ramen Restaurant at the MegaBox in Kowloon Bay; (3) Rakuraku Ramen Restaurant at the Kornhill Plaza in Taikoo; and (4) Takano Ramen Restaurant at the K11 MUSEA in Tsim Sha Tsui (together the “**New Restaurants**”) and those restaurants that opened during the year ended 31 March 2019 but without any or full six three months of operations during the six months ended 30 September 2018: (1) Nabe Urawa restaurant at the Uptown Plaza in Taipo (opened in April 2018); (2) Dab-Pa restaurant at the Metroplaza in Kwai Fong (opened in July 2018); (3) Rakuraku Ramen restaurant at the Lee Tung Avenue in Wanchai (opened in November 2018); and (4) Two Parkview Restaurants, located at the New Town Plaza in Shatin and Metroplaza in Kwai Fong (Acquired in November 2018). However, the increase was partially off-set by closure of our Fiat Caffé in August 2018.

The growth in revenue are all contributed by newly opened restaurants. As the direct result of the current turmoil in Hong Kong, excluding the restaurants that was not in operation during the Corresponding Period (the “**Corresponding Period Restaurants**”), revenue from the Corresponding Period Restaurants decreased significantly when compared to the same period in last year. Compared with July, August and September 2018, revenue from Corresponding Period Restaurants decreased by approximately 1.1%, 10.3% and 11.4%, respectively. The preliminary unaudited revenue figure for the Corresponding Period Restaurants for the month of October 2019 indicate a decrease of approximately 22.5% when compared to October 2018.

## Major Cost Components

	Six months ended				Changes
	30.09.2019		30.09.2018		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Raw materials and consumables used	54,690	27.2%	38,924	28.3%	40.5%
Staff costs	56,909	28.3%	42,347	30.8%	34.4%
Depreciation	34,808	17.3%	4,162	3.0%	736.3%
Property rentals and related expenses	8,417	4.2%	26,418	19.2%	-68.1%
Utilities and cleaning expenses	6,462	3.2%	4,910	3.6%	31.6%
Other expenses	10,687	5.3%	8,268	6.0%	29.3%
Finance costs	2,488	1.2%	67	0.0%	3,613.4%

With the exception of property rentals and related expenses, all costs recorded significant increases when compared to the corresponding period in 2018 and the reasons for such increases are the same as for revenue increase discussed above.

Raw materials and consumables used as a percentage of revenue decreased from 28.3% to 27.2% is primarily due to: (i) the reduction in wastages; and (ii) the reduction of the impact of new restaurants opening on raw material costs due to the larger scale of operations of the Group as a whole.

Staff costs as a percentage of revenue decreased from 30.8% to 28.3% when compared to the same period in 2018 is primarily due to: (i) the increase in the number of restaurants that require fewer staff such as our Nabe Urawa restaurants and Rakuraku Ramen restaurants; (ii) the increase in the average spending per customer in our restaurants; and (iii) the benefits of scale economy on head office costs as more new restaurants are opened. With the increasing difficulty in hiring operational staff, the shift in operations that require fewer staff is essential in controlling staff costs as well as relieving pressure on our operational staff.

## Impact of HKFRS 16 Leases

### Depreciation

	Six months ended		Changes
	30.09.2019 HK\$'000 (unaudited)	30.09.2018 HK\$'000 (unaudited)	
Property, plant and equipment	5,766	4,162	38.5%
Right-of-use assets ("ROU Assets") (Leases)	29,042	–	100.0%
	34,808	4,162	

As mentioned above, the leases are now presented as depreciation of ROU Assets.

## Finance Costs

	Six months ended		Changes
	30.09.2019	30.09.2018	
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Bank borrowing and finance lease interest expenses	47	67	-29.9%
Interests on lease liabilities	2,441	-	100.0%
	2,488	67	

## Property rentals and related expenses

With lease rentals now presented as depreciation of ROU Assets and interests on lease liabilities, property rentals and related expenses decreased significantly from 19.2% to 4.2% as a percentage of revenue. However, as the total of the depreciation expense of the ROU Assets and related interests on lease liabilities are not materially different to the rental amount if it had not been accounted for under HKFRS 16 Leases for our Group, a table comparing the changes is presented as follows:

	Six months ended				Changes
	30.09.2019		30.09.2018		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Property rentals and related expenses	8,417	4.2%	26,418	19.2%	-68.1%
Depreciation of ROU Assets (Leases)	29,042	14.4%	-	-	100.0%
Interests on lease liabilities	2,441	1.2%	-	-	100.0%
	39,900	19.8%	26,418	19.2%	51.0%

After including the depreciation of ROU Assets and interests on lease liabilities, property rentals and related expenses remained stable when compared to the same period in last year.

### **Other expenses**

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to approximately HK\$10,687,000, representing an increase of approximately 29.3% when compared to the same period last year. As a percentage of revenue, other expenses accounted for 5.3% of revenue for the six months ended 30 September 2019, a slight decrease when compared to the 6.0% recorded during the same period in 2018 primarily due to the better absorption of expenses incurred in relation to the compliance costs on maintaining the listing of the Company's shares on GEM.

### **Net Profit and Profit Attributable to Owners of the Company**

For the six months ended 30 September 2019, net profit amounted to approximately HK\$22,294,000, an increase of approximately HK\$12,079,000 or 118.2% from approximately HK\$10,215,000 recorded during the previous period. The increase is the result of the cumulative effect of the above factors.

### **Financial Resources and Position**

As at 30 September 2019, total borrowings amounted to approximately HK\$2.7 million, representing a decrease of 18.7% compared to 31 March 2019. Our bank borrowing carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.2% per annum. The bank borrowing is secured by (1) the life insurance policy for Mr. Wong Ngai Shan ("**Mr. Wong**"), an executive director of the Company held by the Group; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company; and (3) the corporate guarantee of the Company.

Cash and cash equivalents amounted to HK\$76.0 million as at 30 September 2019 which are mostly denominated in Hong Kong Dollars. As the Group's businesses are conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks.

As at 30 September 2019, the Group was in a net cash position (net debt divided by equity attributable to owners of the Company plus net debt).

### **Staff Training and Development**

As at 30 September 2019, the Group had a total of 560 employees, all of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, determined the emoluments of the Directors. None of the Directors or any of his/her associates, and executive, is involved in dealing in his/her own remuneration.

### **Contingent Liabilities**

As at 30 September 2019, the Group did not have any significant contingent liabilities (31 March 2019: Nil).

### **Capital Commitments**

As at 30 September 2019, the Group's outstanding capital commitments was approximately HK\$2,277,000 (31 March 2019: HK\$1,772,000).

### **Interim Dividend**

The Board resolved to declare an interim dividend of HK\$0.015 per Share for the six months ended 30 September 2019 (2018: HK\$0.015 per Share). The interim dividend will be paid out of the retained earnings under reserves of the Company in cash. Based on the number of shares in issue as at the date of this report, a total amount of approximately HK\$5,696,000 will be distributed.

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 29 November 2019. The register of members of the Company will close from Thursday, 28 November 2019 to Friday, 29 November 2019 (both days inclusive), during such period no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch register of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 17 November 2019. It is expected that the cheques for cash dividends will be sent by ordinary mail to the Shareholders at their own risk on or about 13 December 2019.

## **FUTURE PROSPECTS**

The current turmoil in Hong Kong is taking a toll on our business. With year-on-year revenue down for our Existing Restaurants, we expect our business will further deteriorate until Hong Kong can return back to normal. As we have stressed before, value-for-money is the key to our success, customers need to feel that they are getting their money's worth of quality food as well as high standard of services, it is therefore imperative for us to deliver this philosophy during these difficult times.



## OTHER INFORMATION

### Directors' and Chief Executive's Interests and Short positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2019, 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long Positions in Shares

Name of Directors	Capacity/Nature of interest	Number of Shares Held	Approximate Percentage of Shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
Ms. Chan Wai Chun ("Ms. Chan")	Interest in controlled corporation and interest of spouse	260,302,000	68.549%

Notes:

- IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.
- Elite China Enterprises Limited ("Elite China") is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 30 June 2019 by virtue of the SFO.
- Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

### **Interests and Short Position of Substantial Shareholders' and Other Person in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at 30 September 2019, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

#### **Long Positions in Shares**

<b>Name of Substantial Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares Held</b>	<b>Approximate Percentage of Shareholding</b>
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
IKEAB Limited	Beneficial owner	250,318,000	65.920%
Mr. Chua Sai Men	Beneficial owner	24,220,000	6.378%
Mr. Ng Chun Yum	Beneficial owner	19,590,000	5.159%

## Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.
2. Elite China is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 30 June 2019 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 30 September 2019, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

### Purchase, Sale or Redemption of Listed Securities

The Shares repurchased by the Company during the last financial year from 18 March 2019 to 26 March 2019 were cancelled on 18 April 2019.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019 and up to the date of this report.

### Share Option Scheme

Pursuant to the Company's share option scheme adopted by the Shareholders on 20 December 2017 (the "SOS"), the Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "Employee"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an "Executive"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, or any advisory, consultancy, professional or other services to any member of our Group, or a close associate (as defined under the GEM Listing Rules) of any of the foregoing persons (together, the "Eligible Persons" and each an "Eligible Person").

The purpose of the SOS is to motivate Eligible Persons to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The exercise price of the share option will be determined at the higher of the average of closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

The SOS will remain in force for a period of 10 years commencing on 17 January 2018.

The share options under the SOS are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years after the date of grant.

The total number of Shares in respect of which options may be granted under the SOS is not permitted to exceed 10% of the Shares in issue on the Listing Date without prior approval from the Shareholders. No option may be granted in any 12-month period to any one Eligible Person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 1% of the number of Shares issued and issuable under all the options which may be granted under the SOS or any other share option schemes at the time it is proposed to grant the relevant options to that employee.

Each grant of share options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates under the Share Option Scheme shall be approved by Independent Non-executive Directors of our Company (excluding the Independent Non-executive Director of our Company who is the proposed grantee of the share options). Where any grant of share options to a substantial Shareholder or an Independent Non-executive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all share options already granted and which may be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of share options must be approved by our Shareholders.

The Company shall send a circular to our Shareholders containing the information required under Rule 23.04 of the GEM Listing Rules. The relevant Eligible Person, his associates and all core connected persons of our Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

Share options granted under the SOS must be taken up within the time period to be stated on the letter containing the offer of the grant of the share options, upon payment of HK\$1.00 per grant.

As at 30 September 2019, the Company had 4,700,000 share options outstanding under the SOS, representing approximately 1.2% of the issued share capital of the Company. Details of the share options outstanding as at the date of this report are as follows:

<b>Option Type</b>	<b>Date of Grant</b>	<b>Exercisable Period</b>	<b>Exercise Price (HK\$)</b>
2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92
	29 June 2018	29 June 2020 to 28 June 2028	0.92
	29 June 2018	29 June 2021 to 28 June 2028	0.92
2019 Options	9 August 2019	9 August 2020 to 8 August 2029	0.85
	9 August 2019	9 August 2021 to 8 August 2029	0.85
	9 August 2019	9 August 2022 to 8 August 2029	0.85

The following table discloses movements in the share options of the Company during the period:

Eligible Person	Options Type	Date of Grant	Exercisable Period	Exercise Price (HK\$)	Number of Shares subject to the outstanding options as at	Granted during the period	Exercised during the period	Lapsed during the period	Number of Shares immediately subject to the outstanding options as at	Weighted average closing price of Shares immediately before the date on which the options were exercised
					01.04.2019				30.09.2019	
Category 1: Employees	2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92	843,000	-	-	(9,000)	834,000	-
			29 June 2020 to 28 June 2028	0.92	843,000	-	-	(9,000)	834,000	-
			29 June 2021 to 28 June 2028	0.92	1,124,000	-	-	(12,000)	1,112,000	-
	2019 Options	9 August 2019	9 August 2020 to 8 August 2029	0.85	-	576,000	-	-	576,000	-
			9 August 2021 to 8 August 2029	0.85	-	576,000	-	-	576,000	-
			9 August 2022 to 8 August 2029	0.85	-	768,000	-	-	768,000	-
Total				2,810,000	1,920,000	-	(30,000)	4,700,000		

A total of 1,920,000 share options were granted on 9 August 2019 during the current financial year ("**Options Granted**").

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The fair value of Options Granted amounted to approximately HK\$296,000 (the “**Options Fair Value**”) or HK\$0.15391 per share option, which will be amortised over the vesting period of the Options Granted. The value of the Options Granted was calculated using the Binomial Model based on the following assumptions:

Valuation date	9 August 2019
Exercise price	HK\$0.85
Share price at effective grant date	HK\$0.76
Expected volatility	29.89%
Risk-free interest rate	1.12%
Contractual life of Options Granted	10 years
Expected dividend yield	3.95%

Notes:

- (1) The risk-free rate represents the yields to maturity of Hong Kong Sovereign Curve with respective terms to maturity as at the valuation date.
- (2) Volatility is the annualised standard deviation of daily return of comparable companies’ share price.

The volatility of the underlying Shares during the life of the Options Granted was estimated with reference to the historical volatility prior to the grant of the share options. Changes in such input assumptions could affect the fair value estimates.

During the six months ended 30 September 2019, approximately HK\$138,000 of the fair value of the options granted was amortised in the accounts of the Company.

## Corporate Governance

During the six months ended 30 September 2019, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

## Competing Interests

As at 30 September 2019, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

### Directors' Securities Transactions

The Company has adopted written guidelines regarding directors' securities transactions 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. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard of dealings during the six months ended 30 September 2019.

### Interests of Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the "**Compliance Adviser**"). As confirmed by the Compliance Adviser, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 June 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under GEM Listing Rules) has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### Audit Committee

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control procedures. As at the date of this report, the Audit Committee comprises Mr. Wang Chin Mong (Chairman of the Audit Committee), Mr. Tsang Siu Chun and Ms. Chan Yuen Ting, all of whom are independent non-executive Directors.

An Audit Committee meeting was held on 13 November 2019 to review the unaudited condensed consolidated financial statements of the Group for six months ended 30 September 2019 and is of the opinion that such financials complied with the applicable accounting standards, legal and disclosure requirements applicable to the Group. Deloitte Touche Tohmatsu, the Group's external auditor, had carried out a review of the unaudited condensed financial statements for the six months ended 30 September 2019 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.



## Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board

**WONG Ngai Shan**

*Chairman and Executive Director*

Hong Kong, 14 November 2019

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

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### TO THE BOARD OF DIRECTORS OF TASTE • GOURMET GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Taste • Gourmet Group Limited (the “Company”) and its subsidiaries set out on pages 27 to 66, which comprise the condensed consolidated statement of financial position as of 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

## OTHER MATTERS

The condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month periods ended 30 September 2019 and 30 September 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

14 November 2019

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	NOTES	For the three months ended 30 September		For the six months ended 30 September	
		2019	2018	2019	2018
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	<b>102,229</b>	75,212	<b>201,027</b>	137,541
Other income		<b>258</b>	11	<b>633</b>	37
Other gains and losses, net		<b>(189)</b>	23	<b>(439)</b>	23
Raw materials and consumables used		<b>(27,363)</b>	(20,505)	<b>(54,690)</b>	(38,924)
Staff costs		<b>(28,991)</b>	(23,086)	<b>(56,909)</b>	(42,347)
Depreciation		<b>(18,701)</b>	(2,107)	<b>(34,808)</b>	(4,162)
Property rentals and related expenses		<b>(3,945)</b>	(13,560)	<b>(8,417)</b>	(26,418)
Utilities and cleaning expenses		<b>(3,276)</b>	(2,665)	<b>(6,462)</b>	(4,910)
Other expenses		<b>(5,371)</b>	(4,660)	<b>(10,687)</b>	(8,268)
Share of loss of a joint venture		–	(24)	–	(24)
Finance costs	4	<b>(956)</b>	(32)	<b>(2,488)</b>	(67)
Profit before tax		<b>13,695</b>	8,607	<b>26,760</b>	12,481
Income tax expense	5	<b>(2,323)</b>	(1,095)	<b>(4,466)</b>	(2,266)
Profit and total comprehensive income for the period attributable to owners of the Company	6	<b>11,372</b>	7,512	<b>22,294</b>	10,215
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
Earnings per share					
– Basic	8	<b>3.0</b>	1.9	<b>5.9</b>	2.6
– Diluted	8	<b>3.0</b>	1.9	<b>5.9</b>	2.6

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	NOTES	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	37,023	32,109
Right-of-use assets	9	166,165	–
Interest in a joint venture	10	–	–
Interest in an associate	11	–	–
Goodwill		3,051	3,051
Intangible assets		1,429	1,524
Financial asset at fair value through profit or loss		1,594	1,569
Rental and utilities deposits	12	20,813	22,211
Prepayment and other deposits	12	1,249	1,972
Loan to an associate	13	844	844
Amount due from a joint venture	13	1,005	1,596
Deferred tax assets		651	474
		<b>233,824</b>	65,350
<b>CURRENT ASSETS</b>			
Inventories		158	–
Trade and other receivables and prepayments	12	6,949	10,960
Amount due from a shareholder	13	44	37
Amount due from an associate	13	76	321
Income tax recoverable		202	1,045
Time deposit	15	5,000	–
Bank balances and cash	15	76,029	55,271
		<b>88,458</b>	67,634
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	25,142	19,314
Amount due to a shareholder	13	439	498
Bank borrowing	17	2,675	3,292
Lease liabilities/obligations under finance leases — due within one year		57,966	176
Tax payable		6,122	2,408
		<b>92,344</b>	25,688
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<b>(3,886)</b>	41,946
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>229,938</b>	107,296

	NOTES	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>108,731</b>	–
Provision for reinstatement costs		<b>1,602</b>	1,262
Provision for long service payments		<b>269</b>	274
Deferred rent	16	–	2,947
Deferred tax liabilities		<b>513</b>	726
		<b>111,115</b>	5,209
<b>NET ASSETS</b>			
		<b>118,823</b>	102,087
<b>CAPITAL AND RESERVES</b>			
Share capital	18	<b>37,973</b>	39,353
Reserves		<b>80,850</b>	62,734
<b>TOTAL EQUITY</b>			
		<b>118,823</b>	102,087

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note (i))	Other reserve HK\$'000 (Note (ii))	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Treasury share reserve HK\$'000 (Note (iii))	Retained profits HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	40,000	43,908	(300)	313	-	-	-	19,885	103,806
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	10,215	10,215
Shares repurchased and cancelled (Note 18)	(647)	(4,131)	-	-	-	647	-	(647)	(4,778)
Recognition of equity settled share-based payment (Note 19)	-	-	-	-	79	-	-	-	79
Dividends recognised as distribution (Note 7)	-	(8,658)	-	-	-	-	-	-	(8,658)
At 30 September 2018 (unaudited)	39,353	31,119	(300)	313	79	647	-	29,453	100,664
At 1 April 2019 (audited)	<b>39,353</b>	<b>25,216</b>	<b>(300)</b>	<b>313</b>	<b>232</b>	<b>647</b>	<b>(9,864)</b>	<b>46,490</b>	<b>102,087</b>
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	22,294	22,294
Shares cancelled (Note 18)	(1,380)	(8,484)	-	-	-	1,380	9,864	(1,380)	-
Recognition of equity settled share-based payment (Note 19)	-	-	-	-	138	-	-	-	138
Lapse of share options (Note 19)	-	-	-	-	(4)	-	-	4	-
Dividends recognised as distribution (Note 7)	-	(5,696)	-	-	-	-	-	-	(5,696)
At 30 September 2019 (unaudited)	<b>37,973</b>	<b>11,036</b>	<b>(300)</b>	<b>313</b>	<b>366</b>	<b>2,027</b>	<b>-</b>	<b>67,408</b>	<b>118,823</b>

### Notes:

- i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to group reorganisation and the issued share capital of BWVHK Limited when the Company became the holding company of the Group upon completion of group reorganisation on 23 June 2017.
- ii. Other reserve represents the aggregate amount of:
  - (1) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the deemed disposal of partial interest in subsidiaries during the year ended 31 March 2016; and
  - (2) the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed acquisition of additional interest in a subsidiary during the year ended 31 March 2017.
- iii. The treasury share reserve represents the shares repurchased but not yet cancelled during the year ended 31 March 2019 and all treasury shares have been cancelled subsequently in April 2019.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities:		
Profit before tax	<b>26,760</b>	12,481
Adjustments for:		
Depreciation of property, plant and equipment	<b>5,766</b>	4,162
Depreciation of right-of-use assets	<b>29,042</b>	-
Amortisation of intangible assets	<b>95</b>	-
Impairment loss on amount due from a joint venture	<b>464</b>	-
Share-based payment expenses	<b>138</b>	79
Finance costs	<b>2,488</b>	67
Share of loss of a joint venture	-	24
Interest income	<b>(224)</b>	-
Fair value gain on financial asset at fair value through profit or loss	<b>(25)</b>	(23)
Operating cash flows before movements in working capital	<b>64,504</b>	16,790
Decrease (increase) in trade and other receivables, prepayments and other deposits and rental and utilities deposits	<b>1,258</b>	(3,100)
Increase in trade and other payable and deferred rent	<b>5,843</b>	4,015
Other operating activities	<b>(521)</b>	(1,001)
	<b>71,084</b>	16,704



	For the six months ended	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in investing activities:		
Interest received	6	-
Purchase of property, plant and equipment	(8,265)	(7,252)
Acquisition of a joint venture	-	(54)
Repayment from (advance to) a joint venture	127	(1,222)
Repayment from an associate	245	-
Payments for right-of-use assets	(1,668)	-
Payments for rental deposits	(902)	-
Advance to a shareholder	(7)	(8)
Deposits paid for acquisition of a business	-	(1,100)
Deposits paid for acquisition of property, plant and equipment	(619)	(79)
Deposit paid for acquisition of an intangible asset	(109)	-
Placement of time deposit	(5,000)	-
	<b>(16,192)</b>	<b>(9,715)</b>
Net cash used in financing activities:		
Repayment of bank borrowing	(617)	(601)
Interest paid on bank borrowing	(45)	(60)
Interest paid on lease liabilities/obligations under finance leases	(2,443)	(7)
Repayments of lease liabilities/obligations under finance leases	(25,333)	(233)
Payment on repurchase of shares	-	(4,778)
Dividends paid	(5,696)	(8,658)
	<b>(34,134)</b>	<b>(14,337)</b>
Net increase (decrease) in cash and cash equivalents	<b>20,758</b>	<b>(7,348)</b>
Cash and cash equivalents at the beginning of the period	<b>55,271</b>	<b>78,449</b>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<b>76,029</b>	<b>71,101</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

### 1. BASIS OF PREPARATION

Taste • Gourmet Group Limited (the “**Company**”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and the shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 17 January 2018. The Company and its subsidiaries are collectively referred to as “the Group”.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$3,886,000 as at 30 September 2019. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations. Taking into account of the unutilised available banking facilities, amounting to HK\$8,500,000, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2019.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* (“**HKAS 17**”), and the related interpretations.

### 2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

#### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *As a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the condensed consolidated financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of car park spaces that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

#### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option which is reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

#### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

#### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

## 2.2 Transition and summary of effects arising from initial application of HKFRS 16

### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and



- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

The Group recognised right-of-use assets and lease liabilities of HK\$147,882,000 and HK\$147,766,000, respectively at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 2.93% per annum.

	Note	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019		<b>197,212</b>
Lease liabilities discounted at relevant incremental borrowing rate		<b>182,895</b>
Add: Lease liabilities resulting from lease modifications of existing leases	#	<b>5,091</b>
Less: Recognition exemption — leases with lease term ends within 12 months of the date of initial application		<b>(716)</b>
Less: Contracts committed but not yet commenced at 1 April 2019		<b>(39,680)</b>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		<b>147,590</b>
Add: Obligations under finance leases recognised at 31 March 2019	(a)	<b>176</b>
Lease liabilities as at 1 April 2019		<b>147,766</b>
Analysed as:		
Current		<b>48,640</b>
Non-current		<b>99,126</b>
		<b>147,766</b>

# The Group renewed the leases of several existing restaurants by entering into new lease contracts which commence after date of initial application, these new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Notes	HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		147,590
Amounts included in property, plant and equipment under HKAS 17 previously under finance leases	(a)	500
Reclassified from prepaid rent	(c)	2,511
Adjustments on rental deposits at 1 April 2019	(b)	1,186
Less: Accrued lease liabilities relating to rent-free period and lease payments increase progressively over lease terms	(d)	(3,905)
		147,882
By class:		
Land and buildings		147,382
Motor vehicles		500
		147,882

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
<b>Non-current Assets</b>				
Right-of-use assets		–	147,882	147,882
Property, plant and equipment	(a)	32,109	(500)	31,609
Rental and utilities deposits	(b)	22,211	(1,186)	21,025
<b>Current Asset</b>				
Trade and other receivables	(c)	10,960	(2,511)	8,449
<b>Current Liabilities</b>				
Trade and other payables	(d)	19,314	(958)	18,356
Lease liabilities		–	48,640	48,640
<b>Non-current Liabilities</b>				
Lease liabilities		–	99,126	99,126
Deferred rent	(d)	2,947	(2,947)	–

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

- (a) In relation of assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under finance leases as at 1 April 2019 amounting to HK\$500,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK\$176,000 to lease liabilities as current liabilities at 1 April 2019.

- (b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$1,186,000 was adjusted to refundable rental deposits paid and right-of-use assets.
- (c) Prepaid rent for restaurants was classified as prepayments as at 31 March 2019. Upon application of HKFRS 16, the prepaid rent was reclassified as right-of-use assets.
- (d) These relate to accrued lease liabilities for (i) leases of properties in which the lessors provided rent-free period, and (ii) rentals increase progressively by fixed amounts over the lease terms. The total carrying amount of the lease incentive liabilities for rent-free period and accrued lease liabilities in connection with lease payments increase progressively over the lease terms in aggregate of HK\$3,905,000 as at 1 April 2019 was adjusted to right-of-use assets at transition.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the periods ended 30 September 2019 and 2018.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong during the periods ended 30 September 2019 and 2018.

The Group's revenue from external customers by cuisine is as follow:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Vietnamese	16,486	17,531	33,428	35,182
Japanese	48,031	31,519	88,912	60,395
Western	17,671	3,264	37,298	6,926
Chinese	16,978	19,063	35,105	28,115
Dessert	1,968	2,374	4,100	4,359
Kiosk	1,095	1,461	2,184	2,564
	<b>102,229</b>	75,212	<b>201,027</b>	137,541

Information reported to the Mr. Wong Ngai Shan ("Mr. Wong") and Ms. Chan Wai Chun ("Ms. Chan"), the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, focuses on types of goods or services delivered or provided. The CODM has determined that the Group has only one reportable segment which includes all the restaurants serving different kinds of cuisine in Hong Kong, each of which is considered a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they are all full-service restaurants which target the mid-to-high-end customers in Hong Kong.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from external sales	<b>102,229</b>	75,212	<b>201,027</b>	137,541
Segment profit	<b>17,692</b>	12,988	<b>34,574</b>	21,161
Other gain and losses, net	<b>(189)</b>	23	<b>(439)</b>	23
Unallocated expenses	<b>(3,808)</b>	(4,380)	<b>(7,375)</b>	(8,679)
Share of loss of a joint venture	-	(24)	-	(24)
Profit before tax	<b>13,695</b>	8,607	<b>26,760</b>	12,481

Segment profit represents the profit earned by the reportable segment excluding other gain and losses, net (i.e. impairment loss on amount due from a joint venture, and fair value gain on financial asset at fair value through profit or loss ("FVTPL")), share of loss of a joint venture, and without allocation of central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented. No geographical information is presented as the Group's operations and non-current assets are located in Hong Kong.

The Group's customer base is diversified and no individual customer had contributed more than 10% of the Group's revenue during the relevant periods.

#### 4. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interests on:				
– bank borrowing	21	29	45	60
– lease liabilities/obligations under finance leases	935	3	2,443	7
	956	32	2,488	67

#### 5. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The tax charge comprises Hong Kong Profits Tax:				
– Current tax	2,296	1,661	4,856	2,774
– Overprovision in prior periods	–	(27)	–	(27)
– Deferred taxation	27	(539)	(390)	(481)
	2,323	1,095	4,466	2,266

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is 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%.



At the end of the reporting period, the Group has unused tax losses of nil (31 March 2019: HK\$1,116,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,116,000 of such losses as at 31 March 2019.

At the end of the reporting period, the Group has deductible temporary differences of nil (31 March 2019: HK\$491,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as at 31 March 2019 as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## 6. PROFIT FOR THE PERIOD

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):				
Share-based payment expenses (included in staff costs)	77	79	138	79
Amortisation of intangible assets (included in other expenses)	47	–	95	–
Impairment loss on amount due from a joint venture (included in other gains and losses)	197	–	464	–
Fair value gain on FVTPL (included in other gains and losses)	(8)	(23)	(25)	(23)
Depreciation of property, plant and equipment	2,879	2,107	5,766	4,162
Depreciation of right-of-use assets	15,822	–	29,042	–

## 7. DIVIDENDS

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Dividends recognised as distribution during the period:		
2019 Final — HK1.5 cents (2018: 2018 Final — HK2.2 cents) per share	<b>5,696</b>	8,658

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK1.5 cents (2018: HK1.5 cents) per share amounting to HK\$5,696,000 (2018: HK\$5,903,000) in aggregate will be paid to the shareholders whose names appeared on the register of members as at the close of business on Friday, 29 November 2019.

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Earnings</b>				
Earnings for the purposes of basic and diluted earnings per share				
— profit for the period attributable to owners of the Company	<b>11,372</b>	7,512	<b>22,294</b>	10,215
	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	<b>379,732</b>	396,620	<b>379,732</b>	396,620

Note: The computation of diluted earnings per share does not assume the exercise of share options granted by the Company, since the exercise price was higher than the average market price of the shares of the Company for all relevant periods.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

- (a) During the six months ended 30 September 2019, the Group acquired property, plant and equipment of HK\$11,180,000.

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of HK\$8,212,000 and of which HK\$103,000 were acquired on acquisition of business (Note 23). Furthermore, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$1,149,000 as partial consideration for the share subscription in 50% equity interest in a joint venture (Note 10).

- (b) During the current interim period, the Group entered into four new lease agreements and five lease modifications for its restaurants of which the lease terms ranges from 1 to 6 years. The Group is required to make fixed monthly payments. On the lease commitment and modification, the Group recognised right-of-use of HK\$47,325,000 assets and lease liabilities of HK\$44,264,000.

## 10. INTEREST IN A JOINT VENTURE

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Cost of investment in a joint venture	1,203	1,203
Deemed capital contribution	192	192
Share of post-acquisition loss and other comprehensive expense	(1,395)	(1,395)
	—	—

Deemed capital contribution represents initial recognition of the imputed interest of advance to a joint venture.

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		As at	As at	As at	As at	
		30 September 2019	31 March 2019	30 September 2019	31 March 2019	
Long Sea Limited ("Long Sea")	Hong Kong	50%	50%	50%	50%	Restaurants operation

Note: In August 2018, Long Sea was acquired by the Group from an independent third party in which the Group holds 50% equity interest for a consideration of HK\$1,203,000, which was settled by the contribution of the Group's property, plant and equipment with a carrying value of HK\$1,149,000 and cash consideration of HK\$54,000.

The joint venture is accounted for using the equity method in the condensed consolidated financial statements.

## 11. INTEREST IN AN ASSOCIATE

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Cost of investment in an associate	4	4
Deemed capital contribution	43	43
Share of post-acquisition loss and other comprehensive expense	(47)	(47)
	-	-

Deemed capital contribution represents initial recognition of the imputed interest of loan advance to an associate.

Details of the Group's associate at the end of the reporting periods are as follows:

Name of associate	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		As at 30 September 2019	As at 31 March 2019	As at 30 September 2019	As at 31 March 2019	
		United Mind Limited ("UML")	Hong Kong	40%	40%	

The associate is accounted for using the equity method in the condensed consolidated financial statements.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Trade receivables	<b>1,212</b>	2,938
Rental and utilities deposits	<b>22,960</b>	23,093
Prepaid rent and rates and property management fee	<b>1,017</b>	4,557
Prepayments, other receivables and other deposits	<b>3,094</b>	2,583
Deposits for acquisitions of property, plant and equipment	<b>619</b>	1,972
Deposit for acquisition of an intangible asset	<b>109</b>	–
	<b>29,011</b>	35,143
Less: Items expected to be realised over one year shown under non-current assets:		
Rental and utilities deposits	<b>(20,813)</b>	(22,211)
Prepayments and other deposits under non-current assets	<b>(1,249)</b>	(1,972)
– Deposits for acquisitions of property, plant and equipment	<b>(619)</b>	(1,972)
– Deposit for acquisition of an intangible asset (Note a)	<b>(109)</b>	–
– Prepayment (Note b)	<b>(521)</b>	–
Total items shown under non-current assets	<b>(22,062)</b>	(24,183)
Amounts shown under current assets	<b>6,949</b>	10,960

Notes:

- (a) During the period ended 30 September 2019, the Group entered into a franchising agreement with an independent third party ("**Franchiser**") for a Japanese brand, Tirpse, for a franchise period of 6 years with a total franchise fee of HK\$218,000. As at 30 September 2019, the Group has prepaid HK\$109,000 to the Franchiser and the remaining balance will be fully settled in December 2019.
- (b) During the period ended 30 September 2019, the Group entered into a consulting service agreement with an independent third party ("**Consultant**") for a services period of 2 years with a total consulting fee of HK\$1,250,000 commencing from July 2019. As at 30 September 2019, the Group has prepaid HK\$1,250,000 to the Consultant. The Group expected that HK\$521,000 will not be utilised in coming twelve months and thus it is classified as non-current asset.

As at 30 September 2019 and 1 April 2019, trade receivables from contracts with customers amounted to HK\$1,212,000 and HK\$2,938,000, respectively.

The revenue from sales of food and beverages are generally on cash or credit card settlement. The Group allows a credit period of 30 days to its trade receivables arising from sales of food and beverages through food delivery service agents.

As at 30 September 2019 and 31 March 2019, the Group's trade receivables includes receivables from financial institutions in relation to the payments settled by credit cards by customers of which the settlement period is normally within 2 days from the trade date, and receivables from the food delivery agents of which the settlement period is within 30 days from the invoice date.

All trade receivables are aged within 30 days as at the end of each reporting date with no impairment loss being recognised. All trade receivables are not past due and settled subsequent to the end of the reporting period. None of the trade receivables are past due but not impaired as at 30 September 2019 and 31 March 2019.



### 13. LOAN TO AN ASSOCIATE/AMOUNTS DUE FROM A JOINT VENTURE, A SHAREHOLDER, AN ASSOCIATE AND TO A SHAREHOLDER

**(a) Loan to an associate**

The amount is loan to UML which is unsecured and interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current asset.

**(b) Amount due from a joint venture**

The balance represents the amount due from Long Sea, which is non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current asset.

Details of impairment assessment on amount due from a joint venture is referred to Note 14.

**(c) Amount due from a shareholder**

The amount is non-trade in nature, unsecured, interest free and repayable on demand. In the opinion of the director of the Company, the amount is expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as current asset.

**(d) Amount due from an associate**

The amount is non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as current asset.

**(e) Amount due to a shareholder**

The amount is trade nature, unsecured, interest-free and with a credit term of 30 days. The trade balances as at 30 September 2019 and 31 March 2019 based on the invoice date is aged within 30 days.

#### 14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recognised in respect of amount due from a joint venture	197	–	464	–

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

During the current interim period, the Group provided loss allowance on amount due from a joint venture of HK\$464,000 due to significant increase in credit risk since initial recognition and the Group assessed the ECL allowance on amount due from a joint venture under lifetime ECL method.

#### 15. TIME DEPOSIT AND BANK BALANCES AND CASH

The time deposit is placed with a bank in Hong Kong with a term of 3.5 months upon placement. Since the time deposit will be matured within one year from 30 September 2019, the time deposit is classified as current assets.

Bank balances and cash comprise cash held and short-term bank deposits within an original maturity of three months or less and carry interest at prevailing market rates ranging from nil to 2% per annum as at 30 September 2019 (31 March 2019: nil to 0.02% per annum).

## 16. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Trade payables		
— aged within 30 days (based on invoice date)	<b>7,565</b>	6,573
Accrued employee benefit expenses	<b>12,327</b>	8,535
Deferred rent	—	3,905
Other payables for property, plant and equipment	<b>1,067</b>	124
Accruals	<b>4,183</b>	3,124
	<b>25,142</b>	22,261
Less: Items expected to be realised over one year shown under non-current liabilities:		
— Deferred rent	—	(2,947)
Amounts shown under current liabilities	<b>25,142</b>	19,314

The credit period granted by suppliers on purchase of goods is 0 to 30 days. No interest is charged by the trade creditors.

## 17. BANK BORROWING

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Bank loan, secured and guaranteed	<b>2,675</b>	3,292
Carrying amount repayable (according to scheduled repayment term as set out in the loan agreements):		
– Within one year	<b>1,264</b>	1,246
– More than one year, but not exceeding two years	<b>1,301</b>	1,281
– More than two years, but not exceeding five years	<b>110</b>	765
	<b>2,675</b>	3,292
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	<b>2,675</b>	3,292

The Group's bank borrowing carries variable-rate interest at Hong Kong Dollar Best Lending Rate less 2.2% per annum.

The effective interest rates (which are also equal to contractual interest rates) on the Group's borrowing is as follows:

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Effective interest rate (per annum):		
Variable-rate borrowing	<b>2.93%</b>	2.86%

As at 30 September 2019 and 31 March 2019, the borrowing is secured by (1) the life insurance policy for Mr. Wong, an executive director of the Company held by the Group; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company; and (3) corporate guarantee of the Company.

## 18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2018 (audited), 30 September 2018 (unaudited), 31 March 2019 (audited) and 30 September 2019 (unaudited)	1,000,000,000	100,000
Issued and fully paid:		
At 1 April 2018 (audited)	400,000,000	40,000
Shares repurchased and cancelled (Note a)	(6,472,000)	(647)
At 30 September 2018 (unaudited) and 31 March 2019 (audited)	393,528,000	39,353
Shares cancelled (Note b)	(13,796,000)	(1,380)
At 30 September 2019 (unaudited)	<b>379,732,000</b>	<b>37,973</b>

Notes:

- (a) In June and July 2018, the Company repurchased 6,472,000 shares in total through the Stock Exchange at prices ranging from HK\$0.72 to HK\$0.74 per share at a total consideration of HK\$4,778,000 (including transaction cost of HK\$38,000). The premium of HK\$4,131,000 paid on the repurchase of such shares was debited to the share premium account and an amount of HK\$647,000 was transferred from retained profits of the Company to the capital redemption reserve.
- (b) In March 2019, the Company repurchased in total 13,796,000 shares through Stock Exchange at prices ranging from HK\$0.71 to HK\$0.72 per share at a total consideration of HK\$9,864,000 (including transaction cost of HK\$35,000). The shares repurchased are cancelled in April 2019. The premium of HK\$8,484,000 paid on the repurchase of such shares was debited to the share premium account and an amount of HK\$1,380,000 was transferred from retained profits of the Company to the capital redemption reserve.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## 19. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to an extraordinary general meeting of the shareholders of the Company held on 20 December 2017 for the primary purpose of motivating employees (whether full time or part-time), proposed employees, directors or proposed directors, or business associates of the Group ("**Eligible Person(s)**"), for their past or future contributions to the Group and to attract and retain or otherwise maintain on-going relationships with Eligible Persons so as to encourage them to work towards enhancing the value of the Group.

On 29 June 2018, a total number of 2,810,000 options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK\$0.92 per share. The exercise price is the same as the offer price of the shares of the Company at its initial public offering on 17 January 2018 which is higher than: (i) the closing price of HK\$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange on 29 June 2018, being the date of the grant; (ii) the average closing price of HK\$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK\$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 28 June 2028. 834,000 (31 March 2019: nil) share options were exercisable at 30 September 2019.

On 9 August 2019, a total number of 1,920,000 options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK\$0.85 per share. The exercise price is higher than: (i) the closing price of HK\$0.76 per share as stated in the daily quotation sheet issued by the Stock Exchange on 9 August 2019, being the date of the grant; (ii) the average closing price of HK\$0.794 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK\$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 8 August 2029. No share options were exercisable at the end of the reporting period.

The table below discloses movement of the Company's share options held by the Group's employees:

	<b>Number of share options</b>
Outstanding as at 1 April 2018 (audited)	–
Granted during the period	2,810,000
Outstanding as at 30 September 2018 (unaudited) and 31 March 2019 (audited)	2,810,000
Granted during the period	1,920,000
Lapsed during the period	(30,000)
Outstanding as at 30 September 2019 (unaudited)	4,700,000

The closing prices of the Company's shares immediately before 9 August 2019 and 29 June 2018, the dates of grant, was HK\$0.76 and HK\$0.74, respectively. The fair value of the options determined at the date of grant using the Binomial model was HK\$296,000 and HK\$527,000, respectively, of which total of HK\$138,000 (2018: HK\$79,000) was charged to the profit or loss for the six months ended 30 September 2019.

The following assumptions were used to calculate the fair value of the share options granted:

	Grant date of 29 June 2018	Grant date of 9 August 2019
Grant date share price	HK\$0.74	HK\$0.76
Exercise price	HK\$0.92	HK\$0.85
Expected life	10 years	10 years
Expected volatility	32.85%	29.89%
Dividend yield	2.97%	3.95%
Risk-free interest rate	2.17%	1.12%

The Binomial model has been used to estimate the fair value of the options. The estimated risk-free interest rate is based on the yield of Hong Kong Government Bonds with a maturity life closed to the option life of the share options. Volatility was estimated at grant date based on average of daily historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date.

## 20. CAPITAL COMMITMENTS

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Contracted for but not provided:		
– Acquisition of property, plant and equipment	<b>2,168</b>	1,772
– Acquisition of an intangible asset	<b>109</b>	–
	<b>2,277</b>	1,772



## 21. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the condensed consolidated statement of financial position and other details disclosed elsewhere in the condensed consolidated financial statements, the Group also entered into the following transactions with related parties during the periods:

Name of related parties	Nature of transactions	For the six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Chiu Kee (Note)	Purchases of food ingredients	2,967	2,735
Mr. Wong and Ms. Chan	Lease payments of office premises, central kitchens, warehouse, directors' quarter and car park spaces	759	382
Long Sea	Management fee income	103	–

Note: This related party is owned by a non-controlling shareholder of subsidiaries who became a shareholder of the Company since 23 June 2017 following the group reorganisation as set out in Note 2 to the consolidated financial statements included in the Group's annual report for the year ended 31 March 2019.

### Compensation of key management personnel

The remuneration of senior management personnel including executive directors' remuneration during the periods is as follows:

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	3,346	3,299
Post-employment benefits	54	54
	<b>3,400</b>	<b>3,353</b>

## 22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair value measurement and valuation processes

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group performed discounted cash flow to derive the present value of the financial asset. The management of the Group reports the findings to the directors of the Company every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

The fair value of this financial asset is determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Fair value measurement of the Group's financial asset that are measured at fair value on a recurring basis

Financial asset	Fair value as at		Fair value hierarchy	Valuation techniques and key input
	30 September 2019	31 March 2019		
	HK\$'000	HK\$'000		
	(Unaudited)	(Audited)		
Financial asset at FVTPL	1,594	1,569	Level 3	With reference to the adjusted cash value provided by counterparty taking into consideration of age of the insured person.

There is no transfer between Level 1, 2 and 3 for both periods.

**Reconciliation of Level 3 fair value measurements of financial asset**

	HK\$'000
At 1 April 2018 (audited)	1,521
Net gains in profit or loss	23
At 30 September 2018 (unaudited)	1,544
At 1 April 2019 (audited)	<b>1,569</b>
Net gains in profit or loss	<b>25</b>
At 30 September 2019 (unaudited)	<b>1,594</b>

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

**23. ACQUISITION OF A BUSINESS**

On 1 April 2018, the Group entered into a sales and purchase agreement with an independent third party to acquire a restaurant operation business, namely Sweetology, through acquisition of property, plant and equipment, intangible asset and other receivables amounting to HK\$103,000, HK\$94,000 and HK\$3,000, respectively, for a cash consideration of HK\$200,000. The transaction was completed on 1 April 2018.