

魚菜

TASTE · GOURMET  
GROUP LIMITED

嚙 · 高美集團有限公司

(Incorporated in the Cayman Island with limited liability)

STOCK CODE : 8371



2021/22

1<sup>ST</sup>

QUARTERLY  
REPORT





# TASTE · GOURMET GROUP LIMITED

## 嚐 · 高美集團有限公司

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

**(Stock code: 8371)**

### **REPORT OF THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2021**

#### **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 Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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

*This Report, for which the directors (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.*

The board of directors (the **"Board"**) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the **"Group"**) for the three months ended 30 June 2021.

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

FOR THE THREE MONTHS ENDED 30 JUNE 2021

	NOTES	Three months ended	
		30.06.2021 HK\$'000 (unaudited)	30.06.2020 HK\$'000 (unaudited)
Revenue	2	<b>144,988</b>	98,209
Other Income		<b>870</b>	3,889
Other gains or losses, net		<b>14</b>	13
Raw materials and consumables used		<b>(44,251)</b>	(28,730)
Staff costs		<b>(39,555)</b>	(25,245)
Depreciation of property, plant and equipment		<b>(4,817)</b>	(4,172)
Depreciation of right-of-use assets (" <b>ROU Assets</b> ")		<b>(21,095)</b>	(14,650)
Property rental and related expenses		<b>(7,424)</b>	(5,299)
Utilities and cleaning expenses		<b>(4,541)</b>	(3,110)
Other expenses		<b>(8,030)</b>	(5,835)
Listing Expenses		<b>-</b>	(3,700)
Finance costs		<b>(2,176)</b>	(1,500)
Profit before taxation		<b>13,983</b>	9,870
Income tax expense	3	<b>(2,990)</b>	(1,485)
Profit for the period		<b>10,993</b>	8,385
<b>Other comprehensive income:</b>			
Item that may be reclassified subsequently to profit and loss:			
Exchange difference on translation of foreign operation		<b>148</b>	-
Total comprehensive income for the period		<b>11,141</b>	8,385

	NOTES	Three months ended	
		30.06.2021 HK\$'000 (unaudited)	30.06.2020 HK\$'000 (unaudited)
Profit for the period attributable to:			
– Owners of the Company		<b>11,482</b>	8,385
– Non-controlling interest		<b>(489)</b>	–
		<b>10,993</b>	8,385
Total comprehensive income for the period attributable to:			
– Owners of the Company		<b>11,082</b>	8,385
– Non-controlling interest		<b>59</b>	–
		<b>11,141</b>	8,385
Earnings per share		<b>HK cents</b>	HK cents
– Basic	5	<b>3.0</b>	2.2
– Diluted	5	<b>3.0</b>	2.2

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2021

	Attributable to Owners of the Company										
	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	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 31 March 2021 (audited)	38,693	13,946	(300)	313	695	2,027	532	95,773	151,679	6,444	158,123
Profit for the period	-	-	-	-	-	-	-	11,482	11,482	(489)	10,993
Other comprehensive income for the period	-	-	-	-	-	-	89	-	89	59	148
Profit and total comprehensive income for the period	-	-	-	-	-	-	89	11,482	11,571	(430)	11,141
Lapsed of share options	-	-	-	-	-	-	-	-	-	-	-
Recognition of equity settled share-based payment	-	-	-	-	37	-	-	-	37	-	37
At 30 June 2021 (unaudited)	38,693	13,946	(300)	313	732	2,027	621	107,255	163,287	6,014	169,301

	Attributable to Owners of the Company										
	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	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 April 2020	37,973	5,340	(300)	313	528	2,027	-	76,464	122,345	-	122,345
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	8,385	8,385	-	8,385
Lapsed of share options	-	-	-	-	(38)	-	-	38	-	-	-
Recognition of equity settled share-based payment	-	-	-	-	80	-	-	-	80	-	80
At 30 June 2020 (unaudited)	37,973	5,340	(300)	313	570	2,027	-	84,887	130,810	-	130,810

## Notes:

- i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to the group reorganisation and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2021

## 1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 ("**Shares**") have been listed on GEM since 17 January 2018. Its parent is IKEAB Limited ("**IKEAB**"), a private company incorporated in the British Virgin Islands ("**BVI**"). The address of its registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Unit B, 24/F Crawford Tower, 99-101 Jervois Street, Sheung Wan, Hong Kong. Its ultimate controlling parties are Mr. Wong Ngai Shan ("**Mr. Wong**") and Ms. Chan Wai Chun ("**Ms. Chan**") who are also the executive Directors.

The Company is an investment holding company and the principal activities of its subsidiaries are operating restaurants in Hong Kong and the Peoples's Republic of China.

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Company and its subsidiaries and all values are rounded to the nearest thousands (HK\$'000) except when otherwise indicated.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

Other than changes in accounting policies resulting from application of new HKFRSs, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2021.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared on the historical cost basis.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.



## Application of amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

The amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amount reported and/or disclosures.

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

## 2. REVENUE

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the period.

## 3. TAXATION

Taxation represents Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the relevant periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

## 4. DIVIDENDS

The Board has resolved not to recommend the payment of an interim dividend for the three months ended 30 June 2021.

The Board has resolved to increase the dividend payout policy from not less than 30% to not less than 50% from the financial year beginning 1 April 2021 onwards.

## 5. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant periods.

	Three months ended	
	30.06.2021 (unaudited)	30.06.2020 (unaudited)
<b>Earnings</b>		
Earnings for the period attributable to owners of the Company for the purpose of basic earnings and diluted earnings per Share (HK\$'000)	<b>11,482</b>	8,385
<b>Number of ordinary Shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per Share ('000)	<b>386,932</b>	379,732
Effect of dilutive potential ordinary shares: Share options ('000)	<b>901</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per Share ('000)	<b>387,833</b>	379,732

The computation of diluted earnings per share for the three months ended 30 June 2020 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 for the three months ended 30 June 2020.

## 6. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.



## BUSINESS REVIEW

During the three months ended 30 June 2021 (“FY2022 Q1”), the Group opened two new restaurants: (1) Yakiniku Guu at the Tai Hung Fai Centre in Tsuen Wan in May 2021; and (2) Nabe Urawa at the Raffles City Changning in Shanghai in June 2021. The number of restaurants as at 31 March 2021, 30 June 2021 and as at the date of this report are as follows:

<b>By Brands</b>	<b>31 March 2021</b>	<b>30 June 2021</b>	<b>Date of Report</b>
Hong Kong			
Nabe Urawa	9	9	9
Dab-Pa	5	5	5
La'taste	5	5	4
Rakuraku Ramen	3	3	3
Parkview	2	2	2
Yakiniku Guu	–	1	1
Moments Together	–	–	1
Say Cheese	1	1	1
Say Cheese Kiosk	1	1	1
Takano Ramen	1	1	1
Tirpse	1	1	1
Urawa	1	1	1
Wasyokuya Yamaichi	1	1	1
Sweetology	1	–	–
Xianghui*	1	1	1
<b>Hong Kong Total</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Shanghai</b>			
Nabe Urawa	–	1	1
Shi Li Xianghui	1	1	1
<b>Shanghai Total</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>33</b>	<b>34</b>	<b>34</b>

<b>By Cuisine/Type</b>	<b>31 March 2021</b>	<b>30 June 2021</b>	<b>Date of Report</b>
Japanese	15	17	17
Chinese	7	7	8
Southeast Asian	5	5	4
Western	4	4	4
Dessert	1	–	–
Kiosks	1	1	1
<b>Total</b>	<b>33</b>	<b>34</b>	<b>34</b>

\* Xiang Hui is 40% owned by the Group and is equity accounted for in the financial statements of the Group.

In July 2021, our La'taste Restaurant at the Grand Plaza in Mongkok was closed and will reopen as a Yakniku Guu branded Japanese Restaurant in August 2021. Our Sweetology restaurant at the Metroplaza in Kwai Fong was closed upon the expiration of its lease in May 2021 and we decided not to renew its lease.

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

<b>Restaurant</b>	<b>Location</b>	<b>Mall Operator</b>	<b>Lease Expiry Date</b>	<b>Option to Renew (Yrs)</b>	<b>Expected Commencement Date</b>	<b>Site Area (Sq M)</b>
Same Same	Plaza 66, Shanghai	Hang Lung Properties	28.02.2023	None	Q3 2021	290.00
Moments Together	The Elements	MTR Corporation	14.05.2024	3	Q3 2021	287.00
Dab-Pa	K11 MUSEA	New World Development	04.07.2024	3	Q3 2021	160.00
Takano Ramen	New Town Plaza	Sun Hung Kai Properties	31.07.2025	None	Q3 2021	127.00

For details of these leases, please refer to the announcements issued by the Company dated 9 October 2020, 24 February 2021, 10 June 2021 and 18 June 2021.

Our Moments Together Restaurant, a Chinese provincial cuisine restaurant in Hong Kong commenced operations in August 2021.

### **Significant Investments, Material Acquisitions or Disposals**

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during FY2022 Q1.

## Restaurant Operations

During FY2022 Q1, a total of 721,552 customers patronized our restaurants (excluding Xiang Hui as it is equity accounted for in the consolidated financial statements of the Group), an increase of 139,382 customers or 23.9% when compared to the three months ended 30 June 2020 (“FY2021 Q1”). The average spending per customer increased from HK\$168.7 to HK\$200.9 for FY2022 Q1 compared to the same period in 2020 but if the kiosks and dessert businesses are excluded, the average spending per customer increased to HK\$206.0. The average spending per order for our kiosks was HK\$42.8 representing an increase of 3.4% when compared to the same period in 2020 and the average spending per customer for our dessert business was HK\$83.6 representing an increase of 11.6% when compared to the same period in 2020. The key operating information by cuisine are summarized as follows:

	Three Months Ended											
	30.06.2021						30.06.2020					
	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	11,525	494	131,612	105,929	108.8	2.4	11,033	494	122,673	105,578	104.5	2.4
Japanese	73,790	1,884	850,262	330,602	223.2	2.0	46,522	1,440	593,381	233,329	199.4	2.1
- Nabe Urawa	52,644	1,308	594,059	214,739	245.2	1.9	33,934	1,068	466,962	147,757	229.7	1.9
- Ramen	9,714	217	106,742	78,461	123.8	4.0	8,409	217	76,676	72,582	115.9	3.0
- Others	11,432	359	149,461	37,402	305.7	1.4	4,178	155	49,743	12,990	321.6	1.0
Chinese	35,085	658	385,547	152,300	230.4	2.5	17,290	442	190,002	99,398	173.9	2.5
Western	22,921	413	251,880	106,781	214.7	2.8	20,839	413	230,492	103,206	201.9	2.8
	143,321	3,449	1,619,301	695,612	206.0	2.3	95,684	2,789	1,136,548	541,511	176.7	2.3
Dessert	1,142	31	24,830	13,663	83.6	9.6	1,883	31	20,696	25,144	74.9	8.9
Kiosks	525	16	5,768	12,277	42.8	8.4	642	16	7,079	15,515	41.4	10.7
	144,988	3,496	1,649,899	721,552	200.9	2.3	98,209	2,836	1,164,323	582,170	168.7	2.4

## Impact of COVID-19 on the Number of Customers

In order to control the spread of COVID-19 in Hong Kong, the Hong Kong Government implemented certain social distancing measures for restaurant operations (the “**Hong Kong Government Social Distancing Measures**”) which includes (a) a minimum of 1.5 metres distance or some form of partition which serves as effective buffer between tables; (b) a limit on the number of customers in the restaurant as well as at each table; (c) a person must wear a mask at catering premises except when consuming food or drink; (d) body temperature screening on a person must be conducted before the person is allowed to enter the catering premises; and (e) hand sanitisers must be provided at catering premises.

The Hong Kong Government Social Distancing Measures that were in place during the period were as follows:

- In February 2021, the Hong Kong Government eased dine-in restrictions to allow a maximum of four per table and services extended to 9:59 p.m.

There are certain conditions for further easing such as if all restaurants staff have at least been vaccinated with one jab or if all staff have been fully vaccinated and customers have been vaccinated with one jab, however none of our restaurants were able to meet any of the conditions for further easing.

## FINANCIAL REVIEW

### Revenue

For FY2022 Q1, the Group recorded revenue of HK\$144,988,000, representing an increase of 47.6% when compared to the same period in 2020.

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.

	Three months ended				Changes
	30.06.2021		30.06.2020		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Vietnamese	11,525	7.9%	11,033	11.2%	4.5%
Japanese	73,790	50.9%	46,522	47.4%	58.6%
Chinese	35,085	24.2%	17,290	17.6%	102.9%
Western	22,921	15.8%	20,839	21.2%	10.0%
Dessert	1,142	0.8%	1,883	1.9%	-39.4%
Kiosks	525	0.4%	642	0.7%	-18.2%
<b>Total revenue</b>	<b>144,988</b>	<b>100.0%</b>	98,209	100.0%	47.6%

When compared to the same period in 2020, the increase in revenue is attributable to the opening of: (1) Yakiniku Guu at the Tai Hung Fai Centre in Tsuen Wan in May 2021; and (2) Nabe Urawa at the Raffles City Changning in Shanghai in June 2021, the increase in average spending and the change in dining habits of customers by taking dinners earlier due to the restrictive Hong Kong Government Social Distancing requiring restaurants to close at 10:00 p.m.

## Impact of COVID-19 on Revenue

	FY2020	FY2021	Baseline	FY2022			FY2022 Q1
				June	April	May	
	Full Year	Full Year	2020	2021	2021	2021	
Average revenue per restaurant per day	90%	68%	100%	91%	98%	102%	97%

The average revenue per restaurant per day for FY2022 Q1 is still slightly below the baseline (June 2020, the highest month in terms of average revenue per restaurant per day during the year ended 31 March 2021). Although the average revenue per restaurant per day during the months of April and May 2021 are still slightly below the baseline, the average revenue per restaurant per day for the month is higher than the baseline even with the restrictive social distancing measures in place.

### Subsidies from the Hong Kong Government

No government subsidies in relation to the Anti-epidemic Fund was received by the Group during FY2022 Q1. Subsidies received during FY2021 Q1 amounted to HK\$3.5 million.

### Rental Concessions

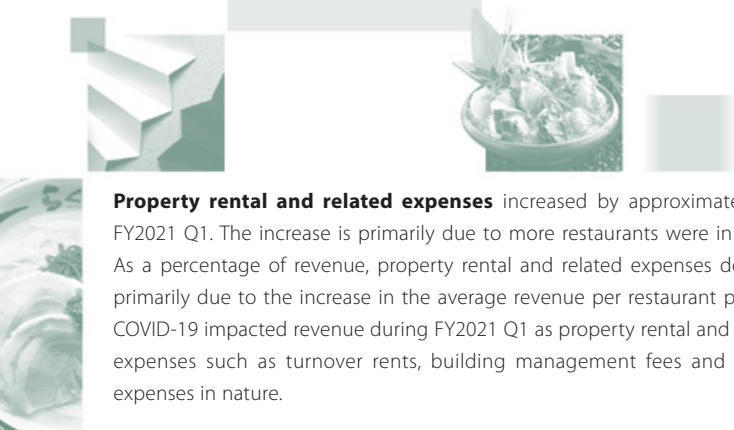
During FY2022 Q1, we received approximately HK\$0.6 million in rental concessions from our landlords which has been set-off against depreciation of Right-of-Use Assets. During FY2021 Q1, we received approximately HK\$2.9 million.

## Major Cost Components

	Three months ended				Changes
	30.06.2021		30.06.2020		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Raw materials and consumables used	44,251	30.5%	28,730	29.3%	54.0%
Staff costs	39,555	27.3%	25,245	25.7%	56.7%
Depreciation of property, plant and equipment	4,817	3.3%	4,172	4.2%	15.5%
Depreciation of ROU Assets	21,095	14.5%	14,650	14.9%	44.0%
Property rental and related expenses	7,424	5.1%	5,299	5.4%	40.1%
Utilities and cleaning expenses	4,541	3.1%	3,110	3.2%	46.0%
Other expenses	8,030	5.5%	5,835	5.9%	37.6%
Listing expenses	-	0.0%	3,700	3.8%	100.0%
Finance Costs	2,176	1.5%	1,500	1.5%	45.1%

**Raw materials and consumables used** increased by approximately 54.0% during FY2022 Q1 when compared to FY2021 Q1 is mainly due to the opening of new restaurants as discussed under revenue above. As a percentage of revenue raw materials and consumables used increased from 29.3% to 30.5% is primarily due to: (i) the increase in the number buffet style Nabe Urawa restaurants and Yakniku Guu restaurants which have higher food costs; and (ii) impact of new restaurants opening on raw material costs due to the larger scale of operations of the Group as a whole.

**Staff costs** increased by approximately 56.7% during FY2022 Q1 when compared to FY2021 Q1 is mainly due to the increase in the number of key staff in order to optimize the roles within Group and unpaid leaves taken by all our staff during FY2021 Q1. As a percentage of revenue staff costs increased from 25.7% to 27.3% when compared to FY2021 Q1 is primarily the same as the reason described above.



**Property rental and related expenses** increased by approximately 40.1% when compared to FY2021 Q1. The increase is primarily due to more restaurants were in operations during FY2022 Q1. As a percentage of revenue, property rental and related expenses decreased from 5.4% to 5.1% is primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q1 as property rental and related expenses only includes expenses such as turnover rents, building management fees and rates, which are mostly fixed expenses in nature.

**Depreciation of property, plant and equipment and Depreciation of ROU Assets** increased by approximately 15.5% and approximately 44.0%, respectively when compared to FY2021 Q1, which is primarily due to more restaurants were in operations during FY2021 Q1. In addition, the increase in depreciation of ROU Assets is also attributed by new leases under rent free periods that were under renovation. As a percentage of revenue, depreciation of property, plant and equipment and depreciation of ROU Assets decreased from 4.2% to 3.3% and from 14.9% to 14.5% is primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q1 as these assets are depreciated on a straight-line basis. However, the increase in depreciation of ROU Assets is offset by the charging of depreciation for new leases under rent free periods that had not commenced operations.

**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\$8,030,000, representing an increase of approximately 37.6% when compared FY2021 Q1, primarily due to more restaurants were in operations during FY2021 Q1. As a percentage of revenue, other expenses accounted for approximately 5.5% of revenue, a slight increase compared to the 5.9% recorded during FY2021 Q1 primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q1 as some expenses are fixed expenses in nature.

**Listing expenses** are expenses incurred in relation to the Proposed Transfer.

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

For the three months ended 30 June 2021, net profit and profit attributable to owners of the Company amounted to approximately HK\$10,993,000 and HK\$11,482,000, respectively. Net profit increased by approximately HK\$2,608,000 or 31.1% and net profit attributable to owners of the Company increased by approximately HK\$3,097,000 or 36.9% from approximately HK\$8,385,000 recorded during the same period last year. However, adjusted for the impact of listing expenses and the Anti-epidemic subsidies from the Hong Kong Government received during FY2021 Q1, net profit increased by approximately HK\$2,408,000 or 28.0% and net profit attributable to owners of the Company increased by approximately HK\$2,897,000 or 33.7%. The increases are the result of the cumulative effect of the above factors.



## Financial Resources and Position

As at 30 June 2021, total borrowings amounted to approximately HK\$0.4 million, representing a decrease of 50.0% compared to 31 March 2021. Our bank borrowing carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.5% per annum. The bank borrowing is secured by the corporate guarantee of the Company.

Cash and cash equivalents amounted to HK\$92.0 million as at 30 June 2021 which are mostly denominated in Hong Kong Dollars. Although the Group has entered into the JV Agreement which will be subject to the exchange rate exposure of the Renminbi, the Group's main businesses are still conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks in the next twelve months.

As at 30 June 2021, the Group was in a net cash position (net debt divided by equity attributable to owners of the Company plus net debt).

## Contingent Liabilities

As at 30 June 2021, the Group did not have any significant contingent liabilities.

## Capital Commitments

As at 30 June 2021, the Group's outstanding capital commitments was approximately HK\$0.6 million (31 December 2021: HK\$6.0 million).

## Future Prospects

With the COVID-19 outbreak in Hong Kong and PRC under control and with customers adjusting their dining habits in order to co-exist with the virus, we believe our business will continue to improve. We will continue to improve of the quality of our food together with the highest standard of services. Value-for-money is the key to our success, customers need to feel that they are getting their money's worth by providing a dining experience that matches their expectation, it is therefore imperative for us to deliver this philosophy during these difficult times.

As for our expansion, in addition to committed two new leases thus far and we will continue to discuss with shopping mall landlords for new potential locations in Hong Kong and in the PRC.



## 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 June 2021, 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:

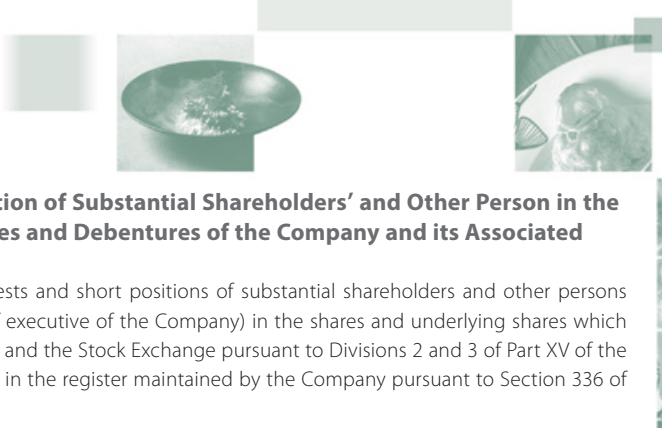
#### Long Positions in Shares

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	67.273%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Mr. Tsang Siu Chun	Beneficial owner	20,000	0.005%

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 of the Company 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 of the Company held by Elite China as at 30 June 2021 by virtue of the SFO.
- Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 30 June 2021, 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 June 2021, 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

Name of Substantial Shareholder	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	67.273%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
IKEAB Limited	Beneficial owner	250,318,000	64.693%

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 of the Company 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 of the Company held by Elite China as at 30 June 2021 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 30 June 2021, 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2021 and up to the date of this report.

### Corporate Governance

During the three months ended 30 June 2021, 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 June 2021, 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 three months ended 30 June 2021.

## 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 5 August 2021 to review the unaudited condensed consolidated quarterly financial statements of the Group for three months ended 30 June 2021 and is of the opinion that such financials complied with the applicable accounting standards, legal and disclosure requirements applicable to the Group.

## 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, 5 August 2021

As at the date of this report, the Board comprises:

*Executive Directors:*

WONG Ngai Shan (*Chairman*)

CHAN Wai Chun (*Chief Executive Officer*)

*Independent Non-executive Directors:*

CHAN Yuen Ting

TSANG Siu Chun

WANG Chin Mong