



TASTE·GOURMET  
GROUP LIMITED

嗜·高美集團有限公司

(Incorporated in the Cayman Island with limited liability)

STOCK CODE : 8371



# 2022/23 INTERIM REPORT



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. WONG Ngai Shan (*Chairman*)  
Ms. CHAN Wai Chun (*Chief Executive Officer*)  
Mr. YU Man To Gerald Maximillian  
(*Chief Financial 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

### AUDITORS

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

### 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  
17/F Far East Finance Centre  
16 Harcourt Road, 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) (Corporate)  
[www.tastegourmet.co](http://www.tastegourmet.co) (Restaurants)



# TASTE • GOURMET GROUP LIMITED

## 嚐 • 高美集團有限公司

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

**(Stock code: 8371)**

### **INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

#### **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

During the six months ended 30 September 2022 (“FY2023 Interim”), the Group opened two new restaurants: (1) Sankinn Taiwanese Hotpot at the Grand Plaza in Mongkok in July 2022; and (2) QUE Japanese Café at the Citygate in Tung Chung. Our Nabe Urawa restaurant at the Raffles City Changning in Shanghai was closed in April 2022 as the footfall traffic was significantly lower than expectation. In addition, our Parkview restaurant at the Metroplaza in Kwai Fong and our La’Taste restaurant at the Olympian City were closed in September 2022 as the demand for restaurant staff is much greater than the supply resulting in a shortage of staff in our restaurants. We have therefore decided not to renew the leases of the Metroplaza Parkview and Olympian City La’Taste as we can transfer the staff to the more efficient restaurants or to new restaurants that will be more efficient in order to generate more revenue/profit per staff employed.

The number of restaurants as at 31 March 2022, 30 September 2022 and as at the date of this report are as follows:

| <b>By Brands</b>       | <b>31.03.2022</b> | <b>30.06.2022</b> | <b>30.09.2022</b> | <b>Date of Report</b> |
|------------------------|-------------------|-------------------|-------------------|-----------------------|
| <b>Hong Kong</b>       |                   |                   |                   |                       |
| Nabe Urawa             | 9                 | 9                 | 9                 | 9                     |
| Dab-Pa                 | 6                 | 6                 | 6                 | 6                     |
| La’taste               | 3                 | 3                 | 2                 | 2                     |
| Rakuraku Ramen         | 3                 | 3                 | 3                 | 3                     |
| Yakiniku Guu           | 3                 | 3                 | 3                 | 3                     |
| Parkview               | 2                 | 2                 | 1                 | 1                     |
| Takano Ramen           | 2                 | 2                 | 2                 | 2                     |
| CUE                    | –                 | –                 | 1                 | 1                     |
| Moments Together       | 1                 | 1                 | 1                 | 1                     |
| Sankinn                | 1                 | 1                 | 2                 | 2                     |
| Tirpse                 | 1                 | 1                 | 1                 | 1                     |
| Urawa                  | 1                 | 1                 | 1                 | 1                     |
| Wasyokuya Yamaichi     | 1                 | 1                 | 1                 | 1                     |
| Xianghui*              | 1                 | 1                 | 1                 | 1                     |
| <b>Hong Kong Total</b> | <b>34</b>         | <b>34</b>         | <b>34</b>         | <b>34</b>             |

| <b>By Brands</b>                   | <b>31.03.2022</b> | <b>30.06.2022</b> | <b>30.09.2022</b> | <b>Date of Report</b> |
|------------------------------------|-------------------|-------------------|-------------------|-----------------------|
| <b>Shanghai</b>                    |                   |                   |                   |                       |
| Moments Together (Shi Li Xianghui) | 2                 | 2                 | 2                 | 2                     |
| Same Same                          | 1                 | 1                 | 1                 | 1                     |
| Nabe Urawa                         | 1                 | –                 | –                 | –                     |
| <b>Shanghai Total</b>              | <b>4</b>          | <b>3</b>          | <b>3</b>          | <b>3</b>              |
| <b>Total</b>                       | <b>38</b>         | <b>37</b>         | <b>37</b>         | <b>37</b>             |

| <b>By Cuisine/Type</b> | <b>31.03.2022</b> | <b>30.06.2022</b> | <b>30.09.2022</b> | <b>Date of Report</b> |
|------------------------|-------------------|-------------------|-------------------|-----------------------|
| Japanese               | 20                | 19                | 19                | 19                    |
| Chinese                | 11                | 11                | 12                | 12                    |
| Southeast Asian        | 4                 | 4                 | 3                 | 3                     |
| Western                | 3                 | 3                 | 3                 | 3                     |
| <b>Total</b>           | <b>38</b>         | <b>37</b>         | <b>37</b>         | <b>37</b>             |

| <b>Movement during each period</b> | <b>Full Year<br/>31.03.2022</b> | <b>Three<br/>Months<br/>30.06.2022</b> | <b>Three<br/>Months<br/>30.09.2022</b> | <b>FY2023<br/>Cumulative</b> |
|------------------------------------|---------------------------------|--|--|------------------------------|
| At the Beginning of the Period     | 33                              | 38                                     | 37                                     | 38                           |
| New Restaurants                    | 10                              | –                                      | 2                                      | 2                            |
| Closed Restaurants                 | (5)                             | (1)                                    | (2)                                    | (3)                          |
| <b>At the End of the Period</b>    | <b>38</b>                       | <b>37</b>                              | <b>37</b>                              | <b>37</b>                    |

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

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

| <b>Restaurant</b>       | <b>Location</b>             | <b>Mall Operator</b> | <b>Lease Term (Years)</b>                       | <b>Expected Commencement Date</b> |
|-------------------------|-----------------------------|----------------------|---|-----------------------------------|
| (1) QUE                 | The Elements, Tsim Sha Tsui | MTR Corp             | 3 with an option to renew for a further 3 years | Q4 2022                           |
| (2) QUE                 | New Town Plaza, Shatin      | SHK Properties       | 4   | Q4 2022                           |
| (3) Khao San (La'taste) | MegaBox, Kowloon Bay        | Kerry Properties     | 3 with an option to renew for a further 3 years | Q4 2022                           |
| (4) Sankinn             | Nina Mall, Tsuen Wan        | Chinachem            | 3 with an option to renew for a further 3 years | Q4 2022                           |
| (5) Nabe Urawa          | The Wai, Tai Wai            | MTR Corp             | 3 with an option to renew for a further 3 years | Q2 2023                           |

For details of these leases, please refer to the announcements issued by the Company dated 4 May 2022, 30 August 2022, 1 September 2022, 26 September 2022 and 25 October 2022.

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

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during FY2023 Interim.

## Restaurant Operations

During FY2023 Interim, a total of 1,431,274 customers patronised our restaurants (excluding Xiang Hui as it is equity accounted for in the condensed consolidated financial statements of the Group), a decrease of 106,359 customers or 6.9% when compared to the six months ended 30 September 2021 (“**FY2022 Interim**”). The decrease in the number of customers was a direct result of the no dine-in after 6 p.m. policy enforced by the Hong Kong Government until 20 April 2022. The average spending per customer increased from HK\$205.0 to HK\$234.4 for FY2023 Interim compared FY2022 Interim. The key operating information by cuisine are summarized as follows:

|  | Six Months Ended    |                    |                                   |                        |   |                                      |                     |                    |                                   |                        |   |                                      |
|--|---------------------|--------------------|-----------------------------------|------------------------|---|--------------------------------------|---------------------|--------------------|-----------------------------------|------------------------|---|--------------------------------------|
|  | 30.09.2022          |                    |                                   |                        |   |                                      | 30.09.2021          |                    |                                   |                        |   |                                      |
|  | Revenue<br>HK\$'000 | Number of<br>Seats | Average<br>Daily<br>Sales<br>HK\$ | Number of<br>Customers | Average<br>Spending per<br>Customer<br>HK\$ | Daily<br>Seating<br>Turnover<br>Rate | Revenue<br>HK\$'000 | Number of<br>Seats | Average<br>Daily<br>Sales<br>HK\$ | Number of<br>Customers | Average<br>Spending per<br>Customer<br>HK\$ | Daily<br>Seating<br>Turnover<br>Rate |
| <b>Vietnamese/<br/>Southeast<br/>Asian</b> | <b>18,790</b>       | <b>381</b>         | <b>118,645</b>                    | <b>148,042</b>         | <b>126.9</b>                                | <b>2.5</b>                           | 23,218              | 592                | 156,524                           | 209,008                | 111.1                                       | 2.4                                  |
| <b>Japanese</b>                            | <b>172,125</b>      | <b>1,998</b>       | <b>943,378</b>                    | <b>708,009</b>         | <b>243.1</b>                                | <b>1.9</b>                           | 165,709             | 2,024              | 1,020,511                         | 747,612                | 221.7                                       | 2.3                                  |
| - Nabe Urawa/<br>Yakiniku Gyu              | 121,958             | 1,498              | 669,239                           | 433,175                | 281.5                                       | 1.6                                  | 124,633             | 1,524              | 744,094                           | 503,414                | 247.6                                       | 2.0                                  |
| - Ramen                                    | 32,741              | 265                | 178,912                           | 214,576                | 152.6                                       | 4.4                                  | 22,449              | 265                | 174,634                           | 179,399                | 125.1                                       | 5.3                                  |
| - Others                                   | 17,426              | 235                | 95,227                            | 60,258                 | 289.2                                       | 1.4                                  | 18,627              | 235                | 101,783                           | 64,799                 | 287.5                                       | 1.5                                  |
| <b>Chinese</b>                             | <b>104,973</b>      | <b>1,147</b>       | <b>653,340</b>                    | <b>397,166</b>         | <b>264.3</b>                                | <b>2.2</b>                           | 75,911              | 825                | 497,940                           | 321,949                | 235.8                                       | 2.6                                  |
| <b>Western</b>                             | <b>38,658</b>       | <b>433</b>         | <b>264,544</b>                    | <b>178,057</b>         | <b>217.1</b>                                | <b>2.8</b>                           | 47,198              | 413                | 261,264                           | 220,310                | 214.2                                       | 3.0                                  |
|  | <b>334,546</b>      | <b>3,959</b>       | <b>1,979,907</b>                  | <b>1,431,274</b>       | <b>233.7</b>                                | <b>2.1</b>                           | 312,036             | 3,854              | 1,936,239                         | 1,498,879              | 208.2                                       | 2.4                                  |
| <b>Dessert</b>                             | -                   | -                  | -                                 | -                      | -   | -                                    | 1,142               | 31                 | 24,830                            | 13,663                 | 83.6  | 9.6                                  |
| <b>Kiosks</b>                              | -                   | -                  | -                                 | -                      | -   | -                                    | 1,080               | 16                 | 5,903                             | 25,091                 | 43.0  | 8.6                                  |
| <b>Others</b>                              | 940                 | -                  | -                                 | -                      | -   | -                                    | 914                 | -                  | -                                 | -                      | -   | -                                    |
|  | <b>335,486</b>      | <b>3,959</b>       | <b>1,979,907</b>                  | <b>1,431,274</b>       | <b>234.4</b>                                | <b>2.1</b>                           | 315,172             | 3,901              | 1,966,972                         | 1,537,633              | 205.0                                       | 2.5                                  |

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

Currently, Hong Kong has adopted a vaccine bubble policy where customers that have not taken the third jab of the COVID-19 vaccine or do not have a medical exemption certificate are not allowed to dine-in at any of the restaurants in Hong Kong.



## FINANCIAL REVIEW

### Revenue

For FY2023 Interim, the Group recorded revenue of HK\$335,486,000, representing an increase of 6.4% when compared to the same period in 2021.

We derive our revenue from the sales of food and beverages at our restaurants in Hong Kong and Shanghai. 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  |
|----------------------------|-------------------------|-----------------|-------------------------|-----------------|----------|
|                            | 30.09.2022              |                 | 30.09.2021              |                 |          |
|                            | HK\$'000<br>(unaudited) | % of<br>Revenue | HK\$'000<br>(unaudited) | % of<br>Revenue |          |
| Vietnamese/Southeast Asian | <b>18,790</b>           | <b>5.6%</b>     | 23,218                  | 7.4%            | (19.1%)  |
| Japanese                   | <b>172,125</b>          | <b>51.3%</b>    | 165,709                 | 52.6%           | 3.9%     |
| Chinese                    | <b>104,973</b>          | <b>31.3%</b>    | 75,911                  | 24.1%           | 38.3%    |
| Western                    | <b>38,658</b>           | <b>11.5%</b>    | 47,198                  | 15.0%           | (18.1%)  |
| Dessert                    | –                       | <b>0.0%</b>     | 1,142                   | 0.4%            | (100.0%) |
| Kiosks                     | –                       | <b>0.0%</b>     | 1,080                   | 0.3%            | (100.0%) |
| Others                     | <b>940</b>              | <b>0.3%</b>     | 914                     | 0.2%            | 2.8%     |
| <b>Total revenue</b>       | <b>335,486</b>          | <b>100.0%</b>   | 315,172                 | 100.0%          | 6.4%     |

When compared to the same period in 2021, the increase in revenue is attributable to the opening of new restaurants discussed above, 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. However, the increase has been offset by the closure of some of our restaurants discussed above.

## Impact of COVID-19 on Revenue

|   | FY2020    | FY2021    | FY2022    | Baseline     |               |             | FY2023       |              |                |                   | FY2023<br>Interim |
|---|-----------|-----------|-----------|--------------|---------------|-------------|--------------|--------------|----------------|-------------------|-------------------|
|   | Full Year | Full Year | Full Year | June<br>2020 | April<br>2022 | May<br>2022 | June<br>2022 | July<br>2022 | August<br>2022 | September<br>2022 |                   |
| <b>Average revenue per restaurant per day</b> | 90%       | 68%       | 92%       | 100%         | 77%           | 108%        | 102%         | 108%         | 115%           | 106%              | 103%              |

The average revenue per restaurant per day for FY2023 Interim is slightly above the baseline (June 2020, the highest month in terms of average revenue per restaurant per day during the year ended 31 March 2022) even with the restrictive social distancing measures still in place.

## Subsidies from the Hong Kong Government

Approximately HK\$1.7 million relating to the Anti-epidemic Fund and approximately HK\$14.3 million relating to the 2022 Employment Support Scheme for the months of May to July 2022 was recorded during FY2023 Interim. Approximately HK\$9.9 million was booked for the months of May and June 2022 under the 2022 Employment Support Scheme during the three months ended 30 June 2022, however due to a dispute in the number of staff, approximately HK\$0.7 million was deducted from the May 2022 subsidies by the Hong Kong Government. As we are appealing the decision, we have not received the approval of the 2022 Employment Support Scheme for July 2022. As at the date of this report, we have not received approximately HK\$9.3 million of the Employment Support Scheme for the month of June and July. The 2022 Employment Support Scheme was for the months of May, June and July 2022. No subsidy was recorded during FY2022 interim.

## Rental Concessions


During FY2023 Interim, we received approximately HK\$2.6 million in rental concessions from our landlords which has been set-off against depreciation of Right-of-Use Assets. During FY2022 Interim, we received approximately HK\$0.8 million.

## Major Cost Components

|   | Six months ended        |                 |                         |                 | Changes |
|---|-------------------------|-----------------|-------------------------|-----------------|---------|
|   | 30.09.2022              |                 | 30.09.2021              |                 |         |
|   | HK\$'000<br>(unaudited) | % of<br>Revenue | HK\$'000<br>(unaudited) | % of<br>Revenue |         |
| Raw materials and consumables used            | <b>99,943</b>           | <b>29.8%</b>    | 95,873                  | 30.4%           | 4.2%    |
| Staff costs                                   | <b>104,416</b>          | <b>31.1%</b>    | 87,772                  | 27.8%           | 19.0%   |
| Depreciation of property, plant and equipment | <b>13,713</b>           | <b>4.1%</b>     | 10,549                  | 3.3%            | 30.0%   |
| Depreciation of ROU Assets                    | <b>44,560</b>           | <b>13.3%</b>    | 43,434                  | 13.8%           | 2.6%    |
| Property rental and related expenses          | <b>20,196</b>           | <b>6.0%</b>     | 16,298                  | 5.2%            | 23.9%   |
| Utilities and cleaning expenses               | <b>11,533</b>           | <b>3.4%</b>     | 9,654                   | 3.1%            | 19.5%   |
| Other expenses                                | <b>18,083</b>           | <b>5.4%</b>     | 16,222                  | 5.1%            | 11.5%   |
| Finance Costs                                 | <b>5,024</b>            | <b>1.5%</b>     | 4,517                   | 1.4%            | 11.2%   |

**Raw materials and consumables used** increased by approximately 4.2% during FY2023 Interim when compared to FY2022 Interim which is in line with the increase in revenue. As a percentage of revenue, raw materials and consumables used decreased slightly from 30.4% to 29.8%.

**Staff costs** increased by approximately 19.0% during FY2023 Interim when compared to FY2022 Interim is mainly due to the increase in the number of key staff in order to optimise the roles within Group and the opening of larger restaurants and the closure of smaller restaurants. As a percentage of revenue, staff costs increased from 27.8% to 31.1% when compared to FY2022 Interim. Although no pay leaves were taken by our staff during the month of April 2022, headcount was not reduced due to the subsidy from the 2022 Employment Support Scheme which has been accounted for under other income. If the subsidy is set-off against staff costs, staff costs as a percentage of revenue would be reduced to approximately 26.9%.



**Property rental and related expenses** increased by approximately 23.9% when compared to FY2022 Interim. The increase is primarily due to more restaurants were in operations during FY2023 Interim. As a percentage of revenue, property rental and related expenses increased from 5.2% to 6.0% is primarily due to the lower revenue in April from the no dine-in after 6 p.m. policy enforced by the Hong Kong Government. Property rental and related expenses 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 30.0% and approximately 2.6%, respectively when compared to FY2022 Interim, which is primarily due to more new restaurants were in operations during FY2023 Interim. In addition, the increase in depreciation of ROU Assets is also attributed by new leases under rent-free periods that were under renovation which is partially set-off by the rental concession received during FY2023 Interim. As a percentage of revenue, depreciation of property, plant and equipment and depreciation of ROU Assets increased from 3.3% to 4.1% and decreased slightly from 13.8% to 13.3%. The increase in the depreciation of property, plant and equipment as a percentage of revenue is primarily due to the lower revenue in April from the no dine-in after 6 p.m. policy enforced by the Hong Kong Government. The decrease in depreciation of ROU Assets as a percentage of revenue is primarily due to the rental concession received during FY2023.

**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\$18,083,000, representing an increase of approximately 11.5% when compared FY2022 Interim, primarily due to more restaurants were in operations during FY2023 Interim. As a percentage of revenue, other expenses increased slightly from 5.1% to 5.4% of revenue when compared to FY2022 Interim primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2022 Interim as some expenses are fixed expenses in nature.

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

### **(1) *Unadjusted***

For the six months ended 30 September 2022, net profit and profit attributable to owners of the Company amounted to approximately HK\$32,092,000 and HK\$33,077,000, respectively. Net profit increased by approximately HK\$7,080,000 or 28.3% and net profit attributable to owners of the Company increased by approximately HK\$6,611,000 or 25.0%.

### **(2) *Government Subsidies Deducted and Listing Expenses Added Back***

Adjusted for the impact of listing expenses and the Anti-epidemic subsidies from the Hong Kong Government received during FY2023 Interim, net profit decreased by approximately HK\$8,875,000 or 35.5% and net profit attributable to owners of the Company decreased by approximately HK\$9,344,000 or 35.3%.

The increases are the result of the cumulative effect of the above factors.

## **Financial Resources and Position**

As at 30 September 2022, the Group did not have any bank borrowings.


Cash and cash equivalents amounted to HK\$117.4 million as at 30 September 2022 which are mostly denominated in Hong Kong Dollars. Although the Group is subject to the exchange rate exposure of the Renminbi through its subsidiary on the Mainland China, 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 September 2022, 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 2022, the Group had a total of 1,030 employees, of which approximately 92% 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 Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.



The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing with his own remuneration.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the schemes is set out under the heading "Share Option Scheme" below.

### **Appointment of Directors**

Mr. Low Soon Huat ("**Mr. Low**") and Mr. Yu Man To Gerald Maximillian ("**Mr. Yu**") were appointed as executive Directors at the Company's annual general meeting held on 1 August 2022. The biographical details of Mr. Low and Mr. Yu are as follow:

#### **Mr. Low Soon Huat**

Mr. Low, aged 42, is the chief operating officer of our Group who joined in May 2021, Mr. Low leads the corporate development and overall operations of the businesses, bringing with him a wealth of experience in various field of work from the restaurant industry internationally and in the Asia Pacific Region. He also has both technical and business knowledge with a diploma in Culinary Skills from the Singapore Hotel & Tourism Education Center and a master's degree in Business Administration from the Management Development Institute of Singapore. Other experiences include ISO certification knowledge, food safety management systems, halal certification processes, workplace safety certifications, hygiene officer certification and various other process knowledge.

#### **Mr. Yu Man To Gerald Maximillian**

Mr. Yu, aged 56, is the chief financial officer and company secretary of our Company who joined our Group in April 2017. He is mainly responsible for human resources, administration, secretarial and financial matters of our Group. Mr. Yu holds a bachelor's degree in Business from La Trobe University and a master's degree in Business Administration from Macquarie University. Mr. Yu was admitted as a fellow member of CPA Australia (FCPA (Aust.)) and a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Yu has over 30 years of experience in accounting, finance, management and company secretarial field. Prior to joining the Company, Mr. Yu had worked as the chief financial officer and company secretary of China MeiDong Auto Holdings Limited (1268.HK), Sound Global Ltd. (967.HK and E6E.SI), Wai Chun Mining Industry Group Company Limited (now known as Wai Chun Bio-Technology Limited, 660.HK), Wai Chun Group Holdings Limited (1013. HK) and Towngas China Company Limited (now known as Towngas Smart Energy Company Limited, 1083.HK, "**Towngas**"). Mr. Yu also worked as the company secretary of Sinolink Worldwide Holdings Limited (1168.HK). Mr. Yu was with Towngas for almost nine years and was with an international accounting firm for over seven years prior to joining Towngas.

## **Resignation of Director**

Mr. Low resigned as an executive director and chief operating officer of the Company with effect from 1 October 2022 in pursuit of other career opportunities.

## **Contingent Liabilities**

As at 30 September 2022, the Group did not have any significant contingent liabilities.

## **Capital Commitments**

As at 30 September 2022, the Group's outstanding capital commitments was approximately HK\$9,049,000.

## **Interim Dividend**

The Board resolved to declare an interim cash dividend of HK\$0.048 per Share for the six months ended 30 September 2022 (2021: Nil). The interim dividend will be paid out of the retained earnings under reserves of the Company. Based on the number of shares in issue as at the date of this report, a total amount of approximately HK\$18.2 million 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 Tuesday, 29 November 2022. The register of members of the Company will close from Monday, 28 November 2022 to Tuesday, 29 November 2022 (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 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 25 November 2022. 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 16 December 2022.

The current dividend payout policy adopted by the Group is not less than 50% of the profit attributable to owners of the Company.

## **Future Prospects**

With a steady increase in the vaccination rate in Hong Kong and Mainland China, customers have adjusted their dining habits in order to co-exist with the social distancing requirements, 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 Mainland China.

## 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 2022, 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                               | Interest in Shares | Interest in underlying Shares pursuant to share options | Aggregate Interests | Approximate Percentage of Shareholding |
|-------------------------------------|---|--------------------|---|---------------------|--|
| Mr. Wong                            | Interest in controlled corporation and interest of spouse | 260,302,000        | –   | 260,302,000         | 67.273%                                |
| Ms. Chan                            | Interest in controlled corporation and interest of spouse | 260,302,000        | –   | 260,302,000         | 67.273%                                |
| Mr. Low Soon Huat                   | Beneficial owner  | –                  | 200,000   | 200,000             | 0.052%                                 |
| Mr. Yu Man To<br>Gerald Maximillian | Beneficial owner  | 76,000             | 950,000   | 1,026,000           | 0.265%                                 |
| Mr. Tsang Siu Chun                  | Beneficial owner  | 20,000             | –   | 20,000              | 0.005%                                 |

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 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 September 2022 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.



Save as disclosed above, as at 30 September 2022, 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.

### Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation

Pursuant to the Company's share option scheme adopted by the Shareholders on 20 December 2017 (the "SOS"), the Company has granted certain Directors of the Company options to subscribe for shares of the Company, details of which as at 30 September 2022 were as follows:

| Name of Directors                  | Date of Grant    | Exercise Period                      | Exercise Price (HK\$) | Number of Shares Subject to Outstanding Share Options as at 01.04.2022 | Number of Shares Subject to Outstanding Share Options as at 30.09.2022 | Approximate Percentage of Shareholding |
|------------------------------------|------------------|--------------------------------------|-----------------------|--|--|--|
| Mr. Low Soon Huat                  | 16 December 2021 | 16 December 2022 to 15 December 2031 | 0.90                  | 60,000   | 60,000   | 0.016%                                 |
|                                    | 16 December 2021 | 16 December 2023 to 15 December 2031 | 0.90                  | 60,000   | 60,000   | 0.016%                                 |
|                                    | 16 December 2021 | 16 December 2024 to 15 December 2031 | 0.90                  | 80,000   | 80,000   | 0.021%                                 |
| Mr. Yu Man To<br>Gerald Maximilian | 29 June 2018     | 29 June 2019 to 28 June 2028         | 0.92                  | 105,000  | 105,000  | 0.027%                                 |
|                                    | 29 June 2018     | 29 June 2020 to 28 June 2028         | 0.92                  | 105,000  | 105,000  | 0.027%                                 |
|                                    | 29 June 2018     | 29 June 2021 to 28 June 2028         | 0.92                  | 140,000  | 140,000  | 0.036%                                 |
|                                    | 9 August 2019    | 9 August 2020 to 8 August 2029       | 0.85                  | 90,000   | 90,000   | 0.023%                                 |
|                                    | 9 August 2019    | 9 August 2021 to 8 August 2029       | 0.85                  | 90,000   | 90,000   | 0.023%                                 |
|                                    | 9 August 2019    | 9 August 2022 to 8 August 2029       | 0.85                  | 120,000  | 120,000  | 0.031%                                 |
|                                    | 16 December 2021 | 16 December 2022 to 15 December 2031 | 0.90                  | 90,000   | 90,000   | 0.023%                                 |
|                                    | 16 December 2021 | 16 December 2023 to 15 December 2031 | 0.90                  | 90,000   | 90,000   | 0.023%                                 |
|                                    | 16 December 2021 | 16 December 2024 to 15 December 2031 | 0.90                  | 120,000  | 120,000  | 0.031%                                 |



Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. These share options represent personal interest held by the Directors as beneficial owners.
3. The outstanding share options as at 1 April 2022 were included in the employees category as disclosed in the Company's annual report for the year ended 31 March 2022.

On 30 September 2022, Mr. Low resigned as a director and employee of the Company and his share options lapsed on 1 October 2022. For details, please refer to the announcement of the Company published on 30 September 2022 and under the heading "Share Options Scheme" below.

Other than the SOS mentioned below, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## 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 2022, 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 September 2022 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 30 September 2022, 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

From 28 September 2022 to 11 October 2022 (the "Purchase Period"), we purchased from the market a total of 8,456,000 Shares which were subsequently cancelled on 10 November 2022. We believe that the current trading price of the Shares does not reflect the intrinsic value and that the share repurchase reflects the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for Shareholders.


Particulars of the Shares repurchased on the Stock Exchange during the Purchase Period are as follow:

| Date of Repurchase | Number<br>of Shares<br>Repurchased<br>by the<br>Company | Price per Share |                | Consideration<br><br>HK\$ |
|--------------------|---|-----------------|----------------|---------------------------|
|                    |   | Highest<br>HK\$ | Lowest<br>HK\$ |                           |
| 28 September 2022  | 136,000   | 1.07            | 1.07           | 145,520                   |
| 30 September 2022  | 208,000   | 1.08            | 1.08           | 224,640                   |
| 03 October 2022    | 1,200,000   | 1.08            | 1.08           | 1,296,000                 |
| 05 October 2022    | 2,952,000   | 1.08            | 1.08           | 3,188,160                 |
| 06 October 2022    | 76,000  | 1.08            | 1.08           | 82,080                    |
| 07 October 2022    | 1,220,000   | 1.09            | 1.09           | 1,329,800                 |
| 10 October 2022    | 2,236,000   | 1.09            | 1.09           | 2,437,240                 |
| 11 October 2022    | 428,000   | 1.09            | 1.09           | 466,520                   |
| <b>Total</b>       | <b>8,456,000</b>  |                 |                | <b>9,169,960</b>          |

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 2022 and up to the date of this report.

### Share Option Scheme

Pursuant to 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 SOS 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 the Date of this report, a total of 40,000,000 shares may be granted under the SOS, representing approximately 10.6% of the issued share capital of the Company.

As at 30 September 2022, the Company had 7,260,000 share options outstanding under the SOS, representing approximately 1.9% 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<br>28 June 2028         | 0.92                         |
|                    | 29 June 2018         | 29 June 2020 to<br>28 June 2028         | 0.92                         |
|                    | 29 June 2018         | 29 June 2021 to<br>28 June 2028         | 0.92                         |
| 2019 Options       | 9 August 2019        | 9 August 2020 to<br>8 August 2029       | 0.85                         |
|                    | 9 August 2019        | 9 August 2021 to<br>8 August 2029       | 0.85                         |
|                    | 9 August 2019        | 9 August 2022 to<br>8 August 2029       | 0.85                         |
| 2021 Options       | 16 December 2021     | 16 December 2022 to<br>15 December 2031 | 0.90                         |
|                    | 16 December 2021     | 16 December 2023 to<br>15 December 2031 | 0.90                         |
|                    | 16 December 2021     | 16 December 2024 to<br>15 December 2031 | 0.90                         |

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      |                                     |   | Granted during the period | Exercised during the period | Lapsed during the period | Number of Shares subject to the outstanding options as at 30.09.2022 | Weighted average closing price of Shares immediately before the date on which the options were exercised |
|------------------------------|------------------|--------------------------------------|--------------------------------------|-----------------------|--------------------------------------|-------------------------------------|---|---------------------------|-----------------------------|--------------------------|--|--|
|                              |                  |                                      |                                      |                       | outstanding options as at 01.04.2022 | Reclassification between Categories |   |                           |                             |                          |  |  |
| <b>Category 1: Directors</b> |                  |                                      |                                      |                       |                                      |                                     |   |                           |                             |                          |  |  |
| Mr. Low                      | 2021 Options     | 16 December 2021                     | 16 December 2022 to 15 December 2031 | 0.90                  | -                                    | 60,000                              | - | -                         | -                           | 60,000                   | -  |  |
|                              |                  |                                      | 16 December 2023 to 15 December 2031 | 0.90                  | -                                    | 60,000                              | - | -                         | -                           | 60,000                   | -  |  |
|                              |                  |                                      | 16 December 2024 to 15 December 2031 | 0.90                  | -                                    | 80,000                              | - | -                         | -                           | 80,000                   | -  |  |
| Mr. Yu                       | 2018 Options     | 29 June 2018                         | 29 June 2019 to 28 June 2028         | 0.92                  | -                                    | 105,000                             | - | -                         | -                           | 105,000                  | -  |  |
|                              |                  |                                      | 29 June 2020 to 28 June 2028         | 0.92                  | -                                    | 105,000                             | - | -                         | -                           | 105,000                  | -  |  |
|                              |                  |                                      | 29 June 2021 to 28 June 2028         | 0.92                  | -                                    | 140,000                             | - | -                         | -                           | 140,000                  | -  |  |
|                              | 2019 Options     | 9 August 2019                        | 9 August 2020 to 8 August 2029       | 0.85                  | -                                    | 90,000                              | - | -                         | -                           | 90,000                   | -  |  |
|                              |                  |                                      | 9 August 2021 to 8 August 2029       | 0.85                  | -                                    | 90,000                              | - | -                         | -                           | 90,000                   | -  |  |
|                              |                  |                                      | 9 August 2022 to 8 August 2029       | 0.85                  | -                                    | 120,000                             | - | -                         | -                           | 120,000                  | -  |  |
| 2021 Options                 | 16 December 2021 | 16 December 2022 to 15 December 2031 | 0.90                                 | -                     | 90,000                               | -                                   | - | -                         | 90,000                      | -                        |  |  |
|                              |                  | 16 December 2023 to 15 December 2031 | 0.90                                 | -                     | 90,000                               | -                                   | - | -                         | 90,000                      | -                        |  |  |
|                              |                  | 16 December 2024 to 15 December 2031 | 0.90                                 | -                     | 120,000                              | -                                   | - | -                         | 120,000                     | -                        |  |  |
| <b>Total for Directors</b>   |                  |                                      |                                      |                       | -                                    | <b>1,150,000</b>                    | - | -                         | -                           | <b>1,150,000</b>         |  |  |



| Eligible Person            | Options Type | Date of Grant    | Exercisable Period                   | Exercise Price (HK\$) | Number of Shares subject to the outstanding options as at 01.04.2022 | Reclassification between Categories | Granted during the period | Exercised during the period | Lapsed during the period | Number of Shares subject to the outstanding options as at 30.09.2022 | Weighted average closing price of Shares immediately before the date on which the options were exercised |
|----------------------------|--------------|------------------|--------------------------------------|-----------------------|--|-------------------------------------|---------------------------|-----------------------------|--------------------------|--|--|
| Category 2: Employees      | 2018 Options | 29 June 2018     | 29 June 2019 to 28 June 2028         | 0.92                  | 660,000  | (105,000)                           | -                         | -                           | -                        | 555,000  | -  |
|                            |              |                  | 29 June 2020 to 28 June 2028         | 0.92                  | 660,000  | (105,000)                           | -                         | -                           | -                        | 555,000  | -  |
|                            |              |                  | 29 June 2021 to 28 June 2028         | 0.92                  | 880,000  | (140,000)                           | -                         | -                           | -                        | 740,000  | -  |
|                            | 2019 Options | 9 August 2019    | 9 August 2020 to 8 August 2029       | 0.85                  | 516,000  | (90,000)                            | -                         | -                           | (15,000)                 | 411,000  | -  |
|                            |              |                  | 9 August 2021 to 8 August 2029       | 0.85                  | 516,000  | (90,000)                            | -                         | -                           | (15,000)                 | 411,000  | -  |
|                            |              |                  | 9 August 2022 to 8 August 2029       | 0.85                  | 688,000  | (120,000)                           | -                         | -                           | (20,000)                 | 548,000  | -  |
|                            | 2021 Options | 16 December 2021 | 16 December 2022 to 15 December 2031 | 0.90                  | 1,107,000  | (150,000)                           | -                         | -                           | (90,000)                 | 867,000  | -  |
|                            |              |                  | 16 December 2023 to 15 December 2031 | 0.90                  | 1,107,000  | (150,000)                           | -                         | -                           | (90,000)                 | 867,000  | -  |
|                            |              |                  | 16 December 2024 to 15 December 2031 | 0.90                  | 1,476,000  | (200,000)                           | -                         | -                           | (120,000)                | 1,156,000  | -  |
| <b>Total for Employees</b> |              |                  |                                      |                       | <b>7,610,000</b>   | <b>(1,150,000)</b>                  | -                         | -                           | <b>(350,000)</b>         | <b>6,110,000</b>   |  |
| <b>Total</b>               |              |                  |                                      |                       | <b>7,610,000</b>   | <b>-</b>                            | -                         | -                           | <b>(350,000)</b>         | <b>7,260,000</b>   |  |

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

No share options were granted during the six months ended 30 September 2022.

During the six months ended 30 September 2022, approximately HK\$120,000 of the options fair value was amortised in the accounts of the Company.



## Corporate Governance

During the six months ended 30 September 2022, 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 2022, 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 2022.

## 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 11 November 2022 to review the unaudited condensed consolidated quarterly financial statements of the Group for six months ended 30 September 2022 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, 11 November 2022

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

*Executive Directors:*

WONG Ngai Shan (*Chairman*)

CHAN Wai Chun (*Chief Executive Officer*)

YU Man To Gerald Maximilian

*(Chief Financial Officer and Company Secretary)*

*Independent Non-executive Directors:*

CHAN Yuen Ting

TSANG Siu Chun

WANG Chin Mong



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

### 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 (collectively referred to as the “**Group**”) set out on pages 28 to 48, which comprise the condensed consolidated statement of financial position as of 30 September 2022 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.

## **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

11 November 2022

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

|   | NOTES | For the three months ended |             | For the six months ended |             |
|---|-------|----------------------------|-------------|--------------------------|-------------|
|   |       | 30 September               |             | 30 September             |             |
|   |       | 2022                       | 2021        | 2022                     | 2021        |
|   |       | HK\$'000                   | HK\$'000    | HK\$'000                 | HK\$'000    |
|   |       | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| Revenue   | 3     | <b>185,351</b>             | 170,184     | <b>335,486</b>           | 315,172     |
| Other income  |       | <b>5,452</b>               | 720         | <b>17,053</b>            | 983         |
| Other gains and losses, net                                   |       | <b>(155)</b>               | (874)       | <b>(141)</b>             | (860)       |
| Raw materials and consumables used                            |       | <b>(54,456)</b>            | (51,622)    | <b>(99,943)</b>          | (95,873)    |
| Staff costs   |       | <b>(55,415)</b>            | (48,217)    | <b>(104,416)</b>         | (87,772)    |
| Depreciation of property, plant and equipment                 |       | <b>(7,075)</b>             | (5,652)     | <b>(13,713)</b>          | (10,549)    |
| Depreciation of right-of-use assets                           |       | <b>(23,828)</b>            | (23,026)    | <b>(44,560)</b>          | (43,434)    |
| Property rentals and related expenses                         |       | <b>(10,902)</b>            | (8,874)     | <b>(20,196)</b>          | (16,298)    |
| Utilities and cleaning expenses                               |       | <b>(6,181)</b>             | (5,113)     | <b>(11,533)</b>          | (9,654)     |
| Other expenses  |       | <b>(10,982)</b>            | (8,192)     | <b>(18,083)</b>          | (16,222)    |
| Finance costs   |       | <b>(2,563)</b>             | (2,341)     | <b>(5,024)</b>           | (4,517)     |
| Profit before tax   | 4     | <b>19,246</b>              | 16,993      | <b>34,930</b>            | 30,976      |
| Income tax expense  | 5     | <b>(2,697)</b>             | (2,974)     | <b>(2,838)</b>           | (5,964)     |
| Profit for the period   |       | <b>16,549</b>              | 14,019      | <b>32,092</b>            | 25,012      |
| <b>Other comprehensive (expense) income:</b>                  |       |                            |             |                          |             |
| Item that may be reclassified subsequently to profit or loss: |       |                            |             |                          |             |
| Exchange differences on translation of foreign operations     |       | <b>(761)</b>               | 68          | <b>(1,680)</b>           | 216         |
| Total comprehensive income for the period                     |       | <b>15,788</b>              | 14,087      | <b>30,412</b>            | 25,228      |

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

|  | NOTE | For the three months ended |             | For the six months ended |             |
|--|------|----------------------------|-------------|--------------------------|-------------|
|  |      | 30 September               |             | 30 September             |             |
|  |      | 2022                       | 2021        | 2022                     | 2021        |
|  |      | HK\$'000                   | HK\$'000    | HK\$'000                 | HK\$'000    |
|  |      | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| Profit (loss) for the period attributable to:                        |      |                            |             |                          |             |
| – Owners of the Company  |      | <b>16,696</b>              | 14,984      | <b>33,077</b>            | 26,466      |
| – Non-controlling interest   |      | <b>(147)</b>               | (965)       | <b>(985)</b>             | (1,454)     |
|  |      | <b>16,549</b>              | 14,019      | <b>32,092</b>            | 25,012      |
| Total comprehensive income (expense) for the period attributable to: |      |                            |             |                          |             |
| – Owners of the Company  |      | <b>16,239</b>              | 15,025      | <b>32,069</b>            | 26,596      |
| – Non-controlling interest   |      | <b>(451)</b>               | (938)       | <b>(1,657)</b>           | (1,368)     |
|  |      | <b>15,788</b>              | 14,087      | <b>30,412</b>            | 25,228      |
| Earnings per share   |      |                            |             |                          |             |
| – Basic  | 7    | <b>4.3</b>                 | 3.9         | <b>8.5</b>               | 6.8         |
| – Diluted  | 7    | <b>4.3</b>                 | 3.9         | <b>8.5</b>               | 6.8         |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

|  | NOTES | As at<br>30 September<br>2022<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2022<br>HK\$'000<br>(Audited) |
|--|-------|--|--|
| <b>NON-CURRENT ASSETS</b>                                |       |  |  |
| Property, plant and equipment                            | 8     | <b>87,006</b>  | 82,077   |
| Right-of-use assets                                      | 8     | <b>324,253</b>   | 295,000  |
| Interest in a joint venture                              |       | –  | –  |
| Interest in an associate                                 |       | –  | –  |
| Goodwill   |       | <b>3,051</b>   | 3,051  |
| Intangible assets  |       | <b>878</b>   | 992  |
| Financial asset at fair value through profit or loss     | 14    | <b>1,756</b>   | 1,728  |
| Rental and utilities deposits                            |       | <b>41,682</b>  | 38,600   |
| Prepayments and other deposits                           |       | <b>1,703</b>   | 1,014  |
| Loan to an associate                                     |       | –  | –  |
| Amount due from a joint venture                          |       | –  | –  |
| Deferred tax assets                                      |       | <b>2,129</b>   | 1,041  |
|  |       | <b>462,458</b>   | 423,503  |
| <b>CURRENT ASSETS</b>                                    |       |  |  |
| Inventories  |       | <b>1,448</b>   | 1,157  |
| Trade and other receivables, prepayments<br>and deposits | 9     | <b>27,036</b>  | 15,525   |
| Amounts due from directors                               |       | –  | 994  |
| Amount due from a shareholder                            |       | <b>80</b>  | 78   |
| Amount due from an associate                             |       | <b>75</b>  | 79   |
| Tax recoverable  |       | –  | 172  |
| Bank balances and cash                                   |       | <b>117,362</b>   | 64,505   |
|  |       | <b>146,001</b>   | 82,510   |



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2022

|  | NOTES | As at<br>30 September<br>2022<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2022<br>HK\$'000<br>(Audited) |
|--|-------|--|--|
| <b>CURRENT LIABILITIES</b>                   |       |  |  |
| Trade and other payables                     | 10    | 65,542   | 29,250   |
| Contract liabilities                         |       | 2,922  | 1,092  |
| Lease liabilities                            |       | 94,084   | 83,334   |
| Tax payable                                  |       | 9,661  | 5,769  |
| Provision for reinstatement costs            |       | 1,414  | 679  |
|  |       | <b>173,623</b>   | 120,124  |
| <b>NET CURRENT LIABILITIES</b>               |       |  |  |
|  |       | <b>(27,622)</b>  | (37,614)   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |  |  |
|  |       | <b>434,836</b>   | 385,889  |
| <b>NON-CURRENT LIABILITIES</b>               |       |  |  |
| Lease liabilities                            |       | 241,961  | 221,520  |
| Provision for reinstatement costs            |       | 12,615   | 8,430  |
| Provision for long service payments          |       | 349  | 349  |
| Deferred tax liabilities                     |       | 204  | 411  |
| Deferred income                              |       | 798  | 239  |
|  |       | <b>255,927</b>   | 230,949  |
| <b>NET ASSETS</b>                            |       |  |  |
|  |       | <b>178,909</b>   | 154,940  |
| <b>CAPITAL AND RESERVES</b>                  |       |  |  |
| Share capital                                | 11    | 38,693   | 38,693   |
| Share premium and reserves                   |       | 134,567  | 108,941  |
| Equity attributable to owners of the Company |       | <b>173,260</b>   | 147,634  |
| Non-controlling interest                     |       | 5,649  | 7,306  |
| <b>TOTAL EQUITY</b>                          |       |  |  |
|  |       | <b>178,909</b>   | 154,940  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

|   | Attributable to owners of the Company |               |                 |               |                       |                            |                     |                  |           |          | Non-controlling interest | Total |
|---|---------------------------------------|---------------|-----------------|---------------|-----------------------|----------------------------|---------------------|------------------|-----------|----------|--------------------------|-------|
|   | Share capital                         | Share premium | Special reserve | Other reserve | Share options reserve | Capital redemption reserve | Translation reserve | Retained profits | Sub-total |          |                          |       |
|   | HK\$'000                              | HK\$'000      | HK\$'000        | HK\$'000      | HK\$'000              | HK\$'000                   | HK\$'000            | HK\$'000         | HK\$'000  | HK\$'000 |                          |       |
| At 1 April 2021 (audited)                           | 38,693                                | 13,946        | (300)           | 313           | 695                   | 2,027                      | 532                 | 95,773           | 151,679   | 6,444    | 158,123                  |       |
| Profit (loss) for the period                        | -                                     | -             | -               | -             | -                     | -                          | -                   | 26,466           | 26,466    | (1,454)  | 25,012                   |       |
| Other comprehensive income for the period           | -                                     | -             | -               | -             | -                     | -                          | 130                 | -                | 130       | 86       | 216                      |       |
| Total comprehensive income (expense) for the period | -                                     | -             | -               | -             | -                     | -                          | 130                 | 26,466           | 26,596    | (1,368)  | 25,228                   |       |
| Recognition of equity settled share-based payment   | -                                     | -             | -               | -             | 52                    | -                          | -                   | -                | 52        | -        | 52                       |       |
| Dividends recognised as distribution (Note 6)       | -                                     | -             | -               | -             | -                     | -                          | -                   | (15,477)         | (15,477)  | -        | (15,477)                 |       |
| At 30 September 2021 (unaudited)                    | 38,693                                | 13,946        | (300)           | 313           | 747                   | 2,027                      | 662                 | 106,762          | 162,850   | 5,076    | 167,926                  |       |

|   | Attributable to owners of the Company |               |                 |               |                       |                            |                        |                     |                  |           | Non-controlling interest | Total   |
|---|---------------------------------------|---------------|-----------------|---------------|-----------------------|----------------------------|------------------------|---------------------|------------------|-----------|--------------------------|---------|
|   | Share capital                         | Share premium | Special reserve | Other reserve | Share options reserve | Capital redemption reserve | Treasury share reserve | Translation reserve | Retained profits | Sub-total |                          |         |
|   | HK\$'000                              | HK\$'000      | HK\$'000        | HK\$'000      | HK\$'000              | HK\$'000                   | HK\$'000 (Note)        | HK\$'000            | HK\$'000         | HK\$'000  |                          |         |
| At 1 April 2022 (audited)                           | 38,693                                | 13,946        | (300)           | 313           | 741                   | 2,027                      | -                      | 927                 | 91,287           | 147,634   | 7,306                    | 154,940 |
| Profit (loss) for the period                        | -                                     | -             | -               | -             | -                     | -                          | -                      | -                   | 33,077           | 33,077    | (985)                    | 32,092  |
| Other comprehensive expense for the period          | -                                     | -             | -               | -             | -                     | -                          | -                      | (1,008)             | -                | (1,008)   | (672)                    | (1,680) |
| Total comprehensive (expense) income for the period | -                                     | -             | -               | -             | -                     | -                          | -                      | (1,008)             | 33,077           | 32,069    | (1,657)                  | 30,412  |
| Recognition of equity settled share-based payment   | -                                     | -             | -               | -             | 120                   | -                          | -                      | -                   | -                | 120       | -                        | 120     |
| Lapse of share options                              | -                                     | -             | -               | -             | (12)                  | -                          | -                      | -                   | 12               | -         | -                        | -       |
| Shares repurchased                                  | -                                     | -             | -               | -             | -                     | -                          | (372)                  | -                   | -                | (372)     | -                        | (372)   |
| Dividends recognised as distribution (Note 6)       | -                                     | -             | -               | -             | -                     | -                          | -                      | -                   | (6,191)          | (6,191)   | -                        | (6,191) |
| At 30 September 2022 (unaudited)                    | 38,693                                | 13,946        | (300)           | 313           | 849                   | 2,027                      | (372)                  | (81)                | 118,185          | 173,260   | 5,649                    | 178,909 |

Note: The treasury share reserve represents the shares repurchased but not yet cancelled during the six months ended 30 September 2022 and all treasury shares have been cancelled subsequently in November 2022.

During the six months ended 30 September 2022, the Company repurchased in total of 344,000 shares through the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at price ranging from HK\$1.07 to HK\$1.08 per share at a total consideration of approximately HK\$372,000 including transaction costs of approximately HK\$1,000.

In October 2022, the Company further repurchased in total of 8,112,000 shares through the Stock Exchange at price ranging from HK\$1.08 to HK\$1.09 per share at a total consideration of approximately HK\$8,834,000 including transaction costs of approximately HK\$35,000. All shares repurchased are subsequently cancelled in November 2022.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

|  | <b>For the six months ended</b> |             |
|--|---------------------------------|-------------|
|  | <b>30 September</b>             |             |
|  | <b>2022</b>                     | 2021        |
|  | <b>HK\$'000</b>                 | HK\$'000    |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| Net cash from operating activities:  |                                 |             |
| Profit before tax  | <b>34,930</b>                   | 30,976      |
| Adjustments for:   |                                 |             |
| Amortisation of intangible assets  | <b>114</b>                      | 114         |
| Depreciation of property, plant and equipment  | <b>13,713</b>                   | 10,549      |
| Depreciation of right-of-use assets  | <b>44,560</b>                   | 43,434      |
| Gain from changes in fair value of financial asset at<br>fair value through profit or loss                   | <b>(28)</b>                     | (28)        |
| Finance costs  | <b>5,024</b>                    | 4,517       |
| Gain on early termination of leases  | -                               | (148)       |
| Impairment loss on an intangible asset   | -                               | 94          |
| Interest income from bank deposits   | <b>(9)</b>                      | (8)         |
| Interest income on rental deposits   | <b>(385)</b>                    | (355)       |
| Loss on disposal of property, plant and equipment  | <b>74</b>                       | 942         |
| Share-based payment expenses   | <b>120</b>                      | 52          |
| Operating cash flows before movements in working capital   | <b>98,113</b>                   | 90,139      |
| Increase in trade and other payables   | <b>32,700</b>                   | 17,552      |
| Increase in trade and other receivables, prepayments and<br>other deposits and rental and utilities deposits | <b>(11,044)</b>                 | (3,180)     |
| Other operating activities   | <b>1,248</b>                    | (1,310)     |
|  | <b>121,017</b>                  | 103,201     |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

|   | <b>For the six months ended<br/>30 September</b> |             |
|---|--|-------------|
|   | <b>2022</b>                                      | 2021        |
|   | <b>HK\$'000</b>                                  | HK\$'000    |
|   | <b>(Unaudited)</b>                               | (Unaudited) |
| Net cash used in investing activities:  |  |             |
| Purchase of property, plant and equipment   | <b>(16,078)</b>                                  | (28,065)    |
| Payments for rental deposits  | <b>(4,725)</b>                                   | (2,925)     |
| Refund of rental deposits   | <b>515</b>                                       | 811         |
| Advance to an associate   | <b>–</b>   | (456)       |
| Repayment from an associate   | <b>4</b>   | 454         |
| Repayments from directors   | <b>994</b>                                       | –           |
| Advance to a shareholder  | <b>(2)</b>                                       | (7)         |
| Receipt of government grants related to acquisition of intangible assets                  | <b>559</b>                                       | 239         |
| Deposits paid for acquisition of property, plant and equipment                            | <b>(703)</b>                                     | (717)       |
| Interest received   | <b>9</b>   | 8           |
|   | <b>(19,427)</b>                                  | (30,658)    |
| Net cash used in financing activities:  |  |             |
| Repayment of bank borrowing   | <b>–</b>   | (654)       |
| Interest paid on bank borrowing   | <b>–</b>   | (6)         |
| Interest paid on lease liabilities  | <b>(5,024)</b>                                   | (4,511)     |
| Repayments of lease liabilities   | <b>(36,360)</b>                                  | (34,597)    |
| Payments on repurchase shares and transaction costs attributable to repurchase shares     | <b>(372)</b>                                     | –           |
| Dividends paid  | <b>(6,191)</b>                                   | (15,477)    |
|   | <b>(47,947)</b>                                  | (55,245)    |
| Net increase in cash and cash equivalents   | <b>53,643</b>                                    | 17,298      |
| Cash and cash equivalents at the beginning of the period                                  | <b>64,505</b>                                    | 81,296      |
| Effect of foreign exchange rate changes   | <b>(786)</b>                                     | 150         |
| Cash and cash equivalents at the end of the period, represented by bank balances and cash | <b>117,362</b>                                   | 98,744      |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 1. BASIS OF PREPARATION

Taste · Gourmet Group Limited (the “**Company**”) (hereinafter its subsidiaries together with the Company collectively referred to as the “**Group**”) 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 since 17 January 2018.

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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) 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\$27,622,000 as at 30 September 2022. In the opinion of the directors of the Company, the Group will have sufficient funds available for its future operating cash flow. In addition, taking into account of the unutilised available banking facilities amounting to HK\$30,500,000, 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 additional accounting policies resulting from application of 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

|                       |  |
|-----------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework                        |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract            |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2018-2020                      |

The application of the above amendments to HKFRSs in the current interim 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 out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the periods ended 30 September 2022 and 2021.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong and the People's Republic of China ("PRC") during the periods ended 30 September 2022 and 2021.

The Group's revenue from external customers by type of cuisines is as follow:

|                                | For the three months ended<br>30 September |                                 | For the six months ended<br>30 September |                                 |
|--------------------------------|--|---------------------------------|--|---------------------------------|
|                                | 2022<br>HK\$'000<br>(Unaudited)            | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited)          | 2021<br>HK\$'000<br>(Unaudited) |
| Vietnamese/<br>Southeast Asian | <b>11,578</b>                              | 11,693                          | <b>18,790</b>                            | 23,218                          |
| Japanese                       | <b>92,104</b>                              | 91,919                          | <b>172,125</b>                           | 165,709                         |
| Western                        | <b>21,117</b>                              | 24,277                          | <b>38,658</b>                            | 47,198                          |
| Chinese                        | <b>59,838</b>                              | 40,826                          | <b>104,973</b>                           | 75,911                          |
| Dessert                        | –  | –                               | –  | 1,142                           |
| Kiosk                          | –  | 555                             | –  | 1,080                           |
| Others                         | <b>714</b>                                 | 914                             | <b>940</b>                               | 914                             |
|                                | <b>185,351</b>                             | 170,184                         | <b>335,486</b>                           | 315,172                         |

Information reported to Mr. Wong Ngai Shan ("Mr. Wong") and Ms. Chan Wai Chun ("Ms. Chan") (collectively as the "Controlling Shareholders"), being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, focuses on the operating results of the Group by location of operation. The CODM has determined that the Group has only two reportable segments for the restaurants serving different kinds of cuisine in Hong Kong and the PRC, each of which is considered a separate operating segment by the CODM.

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment revenue and results

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

|  | For the three months ended<br>30 September 2022 |                         |                         | For the three months ended<br>30 September 2021 |                         |                         |
|--|---|-------------------------|-------------------------|---|-------------------------|-------------------------|
|  | Hong Kong                                       | The PRC                 | Total                   | Hong Kong                                       | The PRC                 | Total                   |
|  | HK\$'000<br>(unaudited)                         | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)                         | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) |
| Revenue from external sales                | 174,512   | 10,839                  | 185,351                 | 162,768   | 7,416                   | 170,184                 |
| Segment profit (loss)                      | 21,173  | 1,323                   | 22,496                  | 21,964  | (2,066)                 | 19,898                  |
| Unallocated other gains<br>and losses, net |   |                         | 14                      |   |                         | 14                      |
| Unallocated expenses                       |   |                         | (3,264)                 |   |                         | (2,919)                 |
| Profit before tax                          |   |                         | 19,246                  |   |                         | 16,993                  |
|  |   |                         |                         |   |                         |                         |
|  | For the six months ended<br>30 September 2022   |                         |                         | For the six months ended<br>30 September 2021   |                         |                         |
|  | Hong Kong                                       | The PRC                 | Total                   | Hong Kong                                       | The PRC                 | Total                   |
|  | HK\$'000<br>(unaudited)                         | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)                         | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) |
| Revenue from external sales                | 323,710   | 11,776                  | 335,486                 | 302,386   | 12,786                  | 315,172                 |
| Segment profit (loss)                      | 43,621  | (2,466)                 | 41,155                  | 40,559  | (3,623)                 | 36,936                  |
| Unallocated other gains<br>and losses, net |   |                         | 28                      |   |                         | 28                      |
| Unallocated expenses                       |   |                         | (6,253)                 |   |                         | (5,988)                 |
| Profit before tax                          |   |                         | 34,930                  |   |                         | 30,976                  |



### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### **Segment revenue and results (Continued)**

Segment profit (loss) represents the profit earned (loss incurred) by the reportable segment excluding unallocated other gains and losses, net (i.e. gain from changes in fair value of financial asset at fair value through profit or loss ("FVTPL")) and without allocation of central administration costs. This is the measure reported to 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 assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

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. PROFIT BEFORE TAX

|  | For the three months ended<br>30 September |                                 | For the six months ended<br>30 September |                                 |
|--|--|---------------------------------|--|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited)            | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited)          | 2021<br>HK\$'000<br>(Unaudited) |
| Profit before tax has<br>been arrived at after<br>charging (crediting):  |  |                                 |  |                                 |
| Share-based payment<br>expenses (included in<br>staff costs)   | 59   | 15                              | 120                                      | 52                              |
| Amortisation of intangible<br>assets (included in other<br>expenses)   | 57   | 57                              | 114                                      | 114                             |
| Covid-19-related rent<br>concessions (included in<br>depreciation of right-of-use<br>assets) (Note 8)          | –  | (189)                           | (2,557)                                  | (793)                           |
| Gain from changes in fair<br>value of financial asset at<br>FVTPL (included in other<br>gains and losses, net) | (14)                                       | (14)                            | (28)                                     | (28)                            |
| Gain on early termination of<br>leases (included in other<br>gains and losses, net)                            | –  | (148)                           | –  | (148)                           |
| Government subsidies<br>(included in other income)<br>(Note)   | (5,040)                                    | –                               | (15,955)                                 | –                               |
| Impairment loss on an<br>intangible asset<br>(included in other gains<br>and losses, net)                      | –  | 94                              | –  | 94                              |
| Loss on disposal of property,<br>plant and equipment<br>(included in other gains<br>and losses, net)           | 74   | 942                             | 74                                       | 942                             |

#### 4. PROFIT BEFORE TAX (CONTINUED)

Note:

During the six months ended 30 September 2022,

- the Group recognised government grants of HK\$14,255,000 relates to Employment Support Scheme provided by the Hong Kong government; and
- the Group recognised government grants of HK\$1,700,000 relates to a one-off subsidy received from the Food License Holders Subsidy Scheme operated by the Food and Environmental Hygiene Department under the Anti-epidemic Fund.

No such government grants are received during the six months ended 30 September 2021.

#### 5. INCOME TAX EXPENSE

|                         | For the three months ended |             | For the six months ended |             |
|-------------------------|----------------------------|-------------|--------------------------|-------------|
|                         | 30 September               | 2021        | 30 September             | 2021        |
|                         | HK\$'000                   | HK\$'000    | HK\$'000                 | HK\$'000    |
|                         | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| The tax charge (credit) |                            |             |                          |             |
| comprises               |                            |             |                          |             |
| Hong Kong Profits Tax:  |                            |             |                          |             |
| – Current tax           | <b>1,759</b>               | 2,724       | <b>4,133</b>             | 6,226       |
| Deferred taxation       | <b>938</b>                 | 250         | <b>(1,295)</b>           | (262)       |
|                         | <b>2,697</b>               | 2,974       | <b>2,838</b>             | 5,964       |

## 6. DIVIDENDS

|  | For the six months ended<br>30 September |                                 |
|--|--|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited)          | 2021<br>HK\$'000<br>(Unaudited) |
| Dividends for ordinary shareholders of the Company recognised as distribution during the period: |  |                                 |
| 2022 Final – HK1.6 cents<br>(2021: 2021 Final – HK4 cents) per share                             | <b>6,191</b>                             | 15,477                          |

Subsequent to the end of the current interim period, the directors of the Company has declared that an interim dividend of HK4.8 cents per share, in aggregate amount of HK\$18,167,000, will be paid to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 29 November 2022.

## 7. 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<br>30 September |                                 | For the six months ended<br>30 September |                                 |
|---|--|---------------------------------|--|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited)            | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited)          | 2021<br>HK\$'000<br>(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>16,696</b>                              | 14,984                          | <b>33,077</b>                            | 26,466                          |

## 7. EARNINGS PER SHARE (CONTINUED)

|   | For the three months ended |             | For the six months ended |             |
|---|----------------------------|-------------|--------------------------|-------------|
|   | 30 September               |             | 30 September             |             |
|   | 2022                       | 2021        | 2022                     | 2021        |
|   | '000                       | '000        | '000                     | '000        |
|   | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| <b>Number of shares</b>   |                            |             |                          |             |
| Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) | <b>386,925</b>             | 386,932     | <b>386,929</b>           | 386,932     |
| Effect of dilutive potential ordinary shares:   |                            |             |                          |             |
| Share options   | <b>409</b>                 | 900         | <b>512</b>               | 984         |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share      | <b>387,334</b>             | 387,832     | <b>387,441</b>           | 387,916     |

Note: For the six months ended 30 September 2022, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted for the effect of the ordinary shares of the Company repurchased from the market in September 2022 and subsequently cancelled in November 2022.

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

- (a) During the six months ended 30 September 2022, the Group acquired property, plant and equipment of HK\$19,848,000 (six months ended 30 September 2021: HK\$31,974,000) and written off property, plant and equipment with carrying amounts of HK\$74,000 (six months ended 30 September 2021: HK\$942,000).



## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

- (b) During the six months ended 30 September 2022 and 2021, the Group entered into several new lease agreements and lease modifications for its restaurants with lease terms ranged from 1 to 6 years. The Group is required to make fixed monthly payments and additional variable payments that are based on 11% to 15% of monthly sales and minimum monthly lease payment that are fixed over the terms, whichever is higher. On lease commencement or modified, the Group recognised right-of-use assets of HK\$78,728,000 (six months ended 30 September 2021: HK\$78,369,000) and lease liabilities of HK\$72,775,000 (six months ended 30 September 2021: HK\$76,242,000).

During the six months ended 30 September 2022, lessors of certain restaurants provided rent concessions that occurred as a direct consequence of Covid-19 pandemic to the Group through rent reductions ranging from 8% to 50% (six months ended 30 September 2021: 10% to 45%) over one to two months (six months ended 30 September 2021: over one to two months).

All rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the six months ended 30 September 2022, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$2,557,000 (six months ended 30 September 2021: HK\$793,000) were recognised as negative variable lease payments.

## 9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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 2022 and 31 March 2022, the Group's trade receivables include 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 service agents or other payment channels of which the settlement period is within 30 days from the invoice date.

All trade receivables as at 30 September 2022 of HK\$3,865,000 (31 March 2022: HK\$1,772,000) 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 2022 and 31 March 2022.

## 10. TRADE AND OTHER PAYABLES

|   | <b>As at<br/>30 September<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 March<br>2022<br>HK\$'000<br>(Audited) |
|---|---|--|
| Trade payables<br>– aged within 30 days (based on invoice date) | <b>17,197</b>   | 5,974  |

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

## 11. SHARE CAPITAL

|   | <b>Number of<br/>shares</b> | <b>Amount<br/>HK\$'000</b> |
|---|-----------------------------|----------------------------|
| Ordinary shares of HK\$0.1 each   |                             |                            |
| Authorised:<br>At 1 April 2021 (audited), 30 September 2021 (unaudited),<br>31 March 2022 (audited) and 30 September 2022<br>(unaudited)            | 1,000,000,000               | 100,000                    |
| Issued and fully paid:<br>At 1 April 2021 (audited), 30 September 2021 (unaudited),<br>31 March 2022 (audited) and 30 September 2022<br>(unaudited) | 386,932,000                 | 38,693                     |

## 12. CAPITAL COMMITMENTS

|  | <b>As at<br/>30 September<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 March<br>2022<br>HK\$'000<br>(Audited) |
|--|---|--|
| Contracted for but not provided:               |   |  |
| – Acquisition of property, plant and equipment | <b>7,799</b>  | 84   |
| – Acquisition of intangible assets             | <b>1,250</b>  | 1,250  |
|  | <b>9,049</b>  | 1,334  |

## 13. 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:

| <b>Name of related parties</b> | <b>Nature of transactions</b>                 | <b>For the six months ended</b>                           |                                 |
|--------------------------------|---|---|---------------------------------|
|                                |   | <b>30 September<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 2021<br>HK\$'000<br>(Unaudited) |
| Controlling shareholders       | Payments relating to short-term leases (Note) | <b>82</b>   | 82                              |
| United Mind Limited*           | Management fee income                         | <b>60</b>   | 60                              |

\* This related party is an associate of the Group.

Note: During the six months ended 30 September 2022 and 2021, the Group has entered into short-term lease agreements for leases of car park spaces for one year.



### 13. RELATED PARTY TRANSACTIONS (CONTINUED)

#### 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             |             |
|                          | 2022                     | 2021        |
|                          | HK\$'000                 | HK\$'000    |
|                          | (Unaudited)              | (Unaudited) |
| Short-term benefits      | 3,958                    | 3,796       |
| Post-employment benefits | 72                       | 72          |
|                          | <b>4,030</b>             | 3,868       |

### 14. 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. For instruments with significant unobservable inputs under Level 3, 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 asset.

The following table gives information about how 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 based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are based on 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).

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

| Financial asset          | Fair value as at                             |  | Fair value hierarchy | Valuation techniques and key input  |
|--------------------------|--|--|----------------------|---|
|                          | 30 September 2022<br>HK\$'000<br>(Unaudited) | 31 March 2022<br>HK\$'000<br>(Audited) |                      |   |
| Financial asset at FVTPL | 1,756  | 1,728                                  | Level 3              | With reference to the adjusted cash value provided by counterparty which represents the premium paid to the policies adjusted by net yield with reference to the expected return rate of 4.4% (31 March 2022: 4.4%) |

Note: The significant unobservable input is expected return rate and assuming other inputs were held constant, if the expected return rate increases, the fair value of the policies increases and vice versa. In the opinion of the directors of the Company, the change of expected return rate of the policies is insignificant based on historical record and no sensitivity is prepared.

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 2021 (audited)        | 1,673    |
| Net gains in profit or loss      | 28       |
| At 30 September 2021 (unaudited) | 1,701    |
| At 1 April 2022 (audited)        | 1,728    |
| Net gains in profit or loss      | 28       |
| At 30 September 2022 (unaudited) | 1,756    |

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.