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**TASTE • GOURMET
GROUP LIMITED**

嗜 • 高美集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8371)

ANNOUNCEMENT OF THE THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Taste • Gourmet Group Limited 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of directors (the “**Board**”) of Taste • Gourmet Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

	NOTES	Three months ended		Nine months ended	
		31.12.2017 HK\$'000 (unaudited)	31.12.2016 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (unaudited)	31.12.2016 HK\$'000 (unaudited)
Revenue	2	57,826	50,840	157,647	148,223
Other Income		34	(6)	475	245
Other gains or losses, net		(335)	–	(335)	–
Raw materials and consumables used		(16,320)	(14,525)	(43,396)	(41,603)
Staff costs		(17,606)	(18,217)	(48,942)	(48,982)
Depreciation		(1,621)	(1,410)	(4,466)	(3,681)
Property rental and related expenses		(10,046)	(8,128)	(27,191)	(23,694)
Utilities and cleaning expenses		(1,992)	(2,134)	(5,785)	(5,407)
Other expenses		(2,893)	(2,307)	(7,892)	(6,363)
Listing expenses		(7,787)	–	(15,905)	–
Finance costs		(161)	(77)	(430)	(196)
Profit (loss) before taxation		(901)	4,036	3,780	18,542
Income tax expense	3	(1,341)	(790)	(3,373)	(3,270)
Profit (loss) and total comprehensive (expenses) income for the period		<u>(2,242)</u>	<u>3,246</u>	<u>407</u>	<u>15,272</u>
Profit (loss) and total comprehensive income (expenses) for the period attributable to					
– Owners of the Company		(2,242)	2,124	(1,156)	9,853
– Non-controlling interests		–	1,122	1,563	5,419
		<u>(2,242)</u>	<u>3,246</u>	<u>407</u>	<u>15,272</u>
Earnings (loss) per share					
– Basic (HK cents)	5	<u>(0.7)</u>	<u>0.9</u>	<u>(0.4)</u>	<u>4.0</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company					Non- controlling interests	Total
	Share capital	Special reserves	Other reserves	Accumulated profits	Subtotal		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2017 (audited)	-	-	313	11,899	12,212	5,263	17,475
Profit (loss) and total comprehensive income (expenses) for the period	-	-	-	(1,156)	(1,156)	1,563	407
Issue of new shares by the Company and acquisition of non-controlling interests pursuant to Group reorganisation <i>(Note 1)</i>	<u>300</u>	<u>(300)</u>	<u>-</u>	<u>6,826</u>	<u>6,826</u>	<u>(6,826)</u>	<u>-</u>
At 31 December 2017 (unaudited)	<u><u>300</u></u>	<u><u>(300)</u></u>	<u><u>313</u></u>	<u><u>17,569</u></u>	<u><u>17,882</u></u>	<u><u>-</u></u>	<u><u>17,882</u></u>

	Attributable to Owners of the Company					Non- controlling interests	Total
	Share capital	Special reserves	Other reserves	Accumulated profits	Subtotal		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2016 (audited)	-	-	58	20,685	20,743	5,471	26,214
Profit and total comprehensive income for the period	-	-	-	9,853	9,853	5,419	15,272
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	(1,255)	(1,255)
At 31 December 2016 (unaudited)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>58</u></u>	<u><u>30,538</u></u>	<u><u>30,596</u></u>	<u><u>9,635</u></u>	<u><u>40,231</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 26 May 2017, and changed its name from Taste Gourmet Group Limited to Taste • Gourmet Group Limited on 14 July 2017. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 are consistent with those adopted in the preparation of accountants’ report included in the Company’s prospectus dated 29 December 2017 (the “**Prospectus**”). The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 have been prepared on the historical cost basis.

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

2. Revenue

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

3. Taxation

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

4. Dividends

The Board has resolved not to recommend the payment of an interim dividend for the nine months ended 31 December 2017.

5. Earnings per Share

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant periods on the assumption that the Group's reorganisation and capitalisation issue of the shares of the Company ("**Shares**") had been effective on 1 April 2015.

	Three months ended		Nine months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Earnings				
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic (loss) per share <i>(HK\$'000)</i>	<u>(2,242)</u>	<u>2,124</u>	<u>(1,156)</u>	<u>9,853</u>
Number of ordinary shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>300,000,000</u>	<u>245,089,229</u>	<u>284,559,273</u>	<u>245,089,229</u>

BUSINESS REVIEW

During the nine months ended 31 December 2017, the Group continued to capture a larger market share in the mid-to-high-end market segment by opening (i) Nabe Urawa Restaurant in Hysan Place, Causeway Bay (“**TNC**”) in September 2017; (ii) a restaurant under our new brand “Say Cheese” offering Western light meal in Park Central, Tseung Kwan O (“**TST**”) in November 2017; and (iii) two “Say Cheese” kiosks offering western light meal in Olympian City, West Kowloon (“**TSO**”) and in Metroplaza, Kwai Fong (“**TSM**”) in December 2017. We have also entered into lease agreements to open one Nabe Urawa restaurant in Uptown Plaza, Tai Po in the second quarter of 2018, one Dab-pa restaurant in Citygate, Tung Chung in the fourth quarter of 2018 and one Nabe Urawa restaurant in Park Central, Tseung Kwan O also in the fourth quarter of 2018.

All four of our new restaurants that opened during the nine months ended 31 December 2017 achieved breakeven during the first month of operations. Our Nabe Urawa in The One, Tsim Sha Shui (“**TNT**”) which commenced operations at the end of November 2016 has achieved investment payback in 11 months, which is in line with the investment payback period stated in the Prospectus.

Share Offer

On 17 January 2018, the Company’s Shares were successfully listed on GEM at HK\$0.92 per Share (the “**Share Offer**”). The Company issued 100,000,000 shares under the Share Offer, details of which can be found in the Prospectus and the announcement issued by the Company dated 16 January 2018.

Future Prospects

The food and beverage sector in Hong Kong, although competitive, has ample opportunities for the better operators. With the larger landlords investing heavily in the refurbishment of their shopping malls in recent years and the opening of new shopping malls planned for the next couple of years, our multi-branding strategy is poised to take advantage of the site locations that may become available by offering mall operators with a diverse portfolio of restaurants to fit their desired profile. In addition, with the completion of the construction of the mega infrastructure projects in Hong Kong such as the high-speed rail terminus and the Hong Kong, Macau and Zhuhai bridge, we believe we will benefit from the increase in tourists from these two routes.

We believe value-for-money is the key to our success, customers need to feel that they are getting their money’s worth of quality food as well as high standard of services, but we will not rest on our laurels and will continue to provide quality food and services.

As for our expansion, in addition to the three committed new restaurants discussed above, we are actively in discussion with shopping mall landlords for new potential locations.

FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2017, the Group recorded revenue of HK\$157,647,000, representing an increase of 6.4% when compared to the same period in 2016.

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

	Three months ended		Nine months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Vietnamese	17,277	17,320	53,299	54,745
Japanese	27,635	21,039	67,502	57,281
Western	3,957	2,564	8,557	8,606
Chinese	8,957	9,917	28,289	27,590
Total revenue	<u>57,826</u>	<u>50,840</u>	<u>157,647</u>	<u>148,223</u>

The increase in revenue is attributable to the opening of: (i) TNC at the end of September 2017; (ii) TST in November 2017; (iii) TSO and TSM in December 2017; and (iv) the additional revenue reflecting a full nine months of operation of the Dab-pa restaurant in Tuen Mun which opened in the second quarter of 2016 and the Nabe Urawa in The One which opened in the fourth quarter of 2016. However, such increases were offset by the closure of the Tsuen Wan Urawa in the first quarter of 2017.

Major Cost Components

	Three months ended				Nine months ended				Changes
	31.12.2017	% of Revenue	31.12.2016	% of Revenue	31.12.2017	% of Revenue	31.12.2016	% of Revenue	
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		
	(unaudited)		(unaudited)		(unaudited)		(unaudited)		
Raw materials and consumables used	16,320	28.2%	14,525	28.6%	43,396	27.5%	41,603	28.1%	4.3%
Staff costs	17,606	30.4%	18,217	35.8%	48,942	31.0%	48,982	33.0%	-0.1%
Depreciation	1,621	2.8%	1,410	2.8%	4,466	2.8%	3,681	2.5%	21.3%
Property rental and related expenses	10,046	17.4%	8,128	16.0%	27,191	17.2%	23,694	16.0%	14.8%
Utilities and cleaning expenses	1,992	3.4%	2,134	4.2%	5,785	3.7%	5,407	3.6%	7.0%

Raw materials and consumables used, depreciation, property rentals and related expenses and utilities and cleaning expenses have recorded increases of 4.3%, 21.3%, 14.0% and 7.0%, respectively when compared to the same period in 2016. The reason for such increases are the same as for revenue increase discussed above. As a percentage of revenue, raw materials and consumables used, depreciation and utilities and cleaning expenses are stable during the two periods. Property rental and related expenses increased slightly as a percentage of revenue primarily due the opening of four new outlets in 2017 compared to two new outlets during the nine months ended 31 December 2016. The deferred rent during the rent-free periods prior to their respective commencement of operations have been amortised to the income statement without having any corresponding revenue.

Staff costs decreased by 0.1% when compared to the same period in 2016 primarily due to the closure of the Tsuen Wan Urawa in the first quarter of 2017 but offset by the increase of staff costs for new outlets opened during the period and new outlets that opened in 2016 having a full nine months of operations during the current period. The number of staff required for Nabe Urawa and Say Cheese are less compared to our traditional Urawa restaurant which is evident in our staff cost as a percentage of revenue. Staff cost as a percentage of revenue decreased from 33.0% for the nine months ended 31 December 2016 to 31.0% for the nine months ended 31 December 2017.

Other expenses

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to HK\$7,892,000 and accounted for 5.0% of revenue for the nine months ended 31 December 2017 and HK\$6,363,000 and accounted for 4.3% of revenue for the nine months ended 31 December 2016. The increase was primarily due to a additional provision made for audit fees and a general increase in expenses such as credit card charges, repairs and maintenance, medical expenses and printing and stationery expenses as more restaurants were in operations during the period.

Financial Resources and Position

As at 31 December 2017, total borrowings amounted to HK\$23.1 million, representing an increase of 60.1% compared to the same period in 2016. All bank borrowings carry variable-rate at Hong Kong Dollar Best Lending Rate less 1.50% to 2.25% per annum or at Hong Kong Prime Rate less 2.05% per annum.

Cash and cash equivalents amounted to HK\$20,469,000 as at 31 December 2017 which are mostly denominated in Hong Kong Dollars. As the Group's businesses are conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks.

The Group had no assets pledged nor any material contingent liabilities nor any material capital commitments as at 31 December 2017.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2017.

Corporate Governance

During the nine months ended 31 December 2017, 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 31 December 2017, 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 from the 17 January 2018, the date on which the Shares of the Company commenced trading on the GEM, to the date of this announcement.

Interests of Compliance Adviser

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

Audit Committee

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control procedures. As at the date of this announcement, 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 14 February 2018 to review the unaudited condensed consolidated quarterly financial statements of the Group for nine months ended 31 December 2017, 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, 14 February 2018

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

Executive Directors:

WONG Ngai Shan (*Chairman*)

CHAN Wai Chun (*Chief Executive Officer*)

Independent Non-executive Directors:

CHAN Yuen Ting

TSANG Siu Chun

WANG Chin Mong

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s websites at www.hkexnews.hk and www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.tastegourmet.com.hk.