



TASTE · GOURMET GROUP LIMITED

嚐 · 高美集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8371)

REPORT OF THE THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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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.

The board of directors (the **"Board"**) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the **"Group"**) for the nine months ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	NOTES	Three Months Ended		Nine Months Ended	
		31.12.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (unaudited)
Revenue	2	182,445	103,428	497,617	282,564
Other Income		279	12,261	1,262	31,954
Other gains or losses, net	3	(2,671)	13	(3,531)	40
Raw materials and consumables used		(54,074)	(30,512)	(149,947)	(85,894)
Staff costs		(49,935)	(29,117)	(137,707)	(77,503)
Depreciation of property, plant and equipment		(6,075)	(4,543)	(16,624)	(13,153)
Depreciation of right-of-use assets ("ROU Assets")		(22,855)	(19,444)	(66,289)	(55,151)
Property rental and related expenses		(10,165)	(6,411)	(26,463)	(17,129)
Utilities and cleaning expenses		(5,201)	(3,597)	(14,855)	(9,597)
Other expenses		(9,770)	(6,465)	(25,992)	(17,598)
Listing Expenses		-	(498)	-	(16,248)
Finance costs		(2,420)	(1,845)	(6,937)	(4,882)
Profit before taxation		19,558	13,270	50,534	17,403
Income tax expense	4	(2,894)	(39)	(8,858)	(753)
Profit for the period		16,664	13,231	41,676	16,650
Other comprehensive income:					
Item that may be reclassified subsequently to profit and loss:					
Exchange difference on translation of foreign operation		302	779	518	819
Total comprehensive income for the period		16,966	14,010	42,194	17,469

	NOTES	Three Months Ended		Nine Months Ended	
		31.12.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (unaudited)
Profit for the period attributable to:					
– Owners of the Company		18,346	13,794	44,812	17,308
– Non-controlling interest		(1,682)	(563)	(3,136)	(658)
		16,664	13,231	41,676	16,650
Total comprehensive income for the period attributable to:					
– Owners of the Company		18,527	14,261	45,123	17,799
– Non-controlling interest		(1,561)	(251)	(2,929)	(330)
		16,966	14,010	42,194	17,469
Earnings per share					
– Basic (HK cents)	6	4.7	1.4	11.6	7.3
– Diluted (HK cents)	6	4.7	1.4	11.6	7.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Attributable to Owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	38,693	13,946	(300)	313	695	2,027	532	95,773	151,679	6,444	158,123
Profit for the period	-	-	-	-	-	-	-	44,812	44,812	(3,136)	41,676
Other comprehensive income for the period	-	-	-	-	-	-	311	-	311	207	518
Total comprehensive income for the period	-	-	-	-	-	-	311	44,812	45,123	(2,929)	42,194
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,892	4,892
Lapsed of share options	-	-	-	-	-	-	-	-	-	-	-
Recognition of equity settled share-based payment	-	-	-	-	62	-	-	-	62	-	62
Dividend recognised as distribution	-	-	-	-	-	-	-	(30,954)	(30,954)	-	(30,954)
At 31 December 2021 (unaudited)	38,693	13,946	(300)	313	757	2,027	843	109,631	165,910	8,407	174,317

	Attributable to Owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	37,973	5,340	(300)	313	528	2,027	-	76,464	122,345	-	122,345
Profit for the period	-	-	-	-	-	-	-	17,308	17,308	(658)	16,650
Other comprehensive income for the period	-	-	-	-	-	-	491	-	491	328	819
Total comprehensive income for the period	-	-	-	-	-	-	491	17,308	17,799	(330)	17,469
Issuance of shares	720	8,607	-	-	-	-	-	-	9,327	-	9,327
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	6,823	6,823
Lapsed of share options	-	-	-	-	(38)	-	-	38	-	-	-
Recognition of equity settled share-based payment	-	-	-	-	166	-	-	-	166	-	166
Dividend recognised as distribution	-	-	-	-	-	-	-	(5,696)	(5,696)	-	(5,696)
At 31 December 2020 (unaudited)	38,693	13,947	(300)	313	656	2,027	491	88,114	143,941	6,493	150,434

Notes:

- i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to the Group Reorganisation and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the group reorganisation on 23 June 2017.
- ii. Other reserve represents the aggregate amount of:
 - (1) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the deemed disposal of partial interest in subsidiaries during the year ended 31 March 2016; and
 - (2) the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed acquisition of additional interest in a subsidiary during the year ended 31 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company ("**Shares**") have been listed on GEM since 17 January 2018. Its parent is IKEAB Limited ("**IKEAB**"), a private company incorporated in the British Virgin Islands ("**BVI**"). The address of its registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Unit B, 24/F Crawford Tower, 99-101 Jervois Street, Sheung Wan, Hong Kong. Its ultimate controlling parties are Mr. Wong Ngai Shan ("**Mr. Wong**") and Ms. Chan Wai Chun ("**Ms. Chan**") who are also the executive Directors.

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

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

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

Other than changes in accounting policies resulting from application of new Hong Kong HKFRSs, 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 2021 are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2021.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2021 have been prepared on the historical cost basis.

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

Application of new and amendments to HKFRSs

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

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

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

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

2. REVENUE

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

3. OTHER GAINS OR LOSSES, NET

Included in other gains or losses is an amount relating to the impairment of assets on one of our restaurants in Shanghai of approximately HK\$3.6 million for the three and nine months ended 31 December 2021.

4. TAXATION

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

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

5. DIVIDENDS

The Board has resolved not to recommend the payment of an interim dividend for the nine months ended 31 December 2021.

6. EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	31.12.2021 (unaudited)	31.12.2020 (unaudited)	31.12.2021 (unaudited)	31.12.2020 (unaudited)
Earnings				
Earnings for the period attributable to owners of the Company for the purpose of basic earnings and diluted earnings per Share (HK\$'000)	18,346	13,794	44,812	17,308
Number of ordinary Shares				
Weighted average number of ordinary shares for the purpose of basic earnings per Share ('000)	386,932	383,802	386,932	381,093
Effect of potential dilutive ordinary shares:				
Share options ('000)	167	1,428	1,027	877
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	387,099	385,230	387,959	381,970



BUSINESS REVIEW

During the nine months ended 31 December 2021 (“FY2022 Q3”), the Group opened seven new restaurants: (1) Yakiniku Guu at the Tai Hung Fai Centre in Tsuen Wan in May 2021; (2) Nabe Urawa at the Raffles City Changning in Shanghai in June 2021; (3) Same Same at Plaza 66 in Shanghai in August 2021; (4) Moments Together at the Elements in Tsim Sha Tsui in August 2021; (5) Takano Ramen at the New Town Plaza in Shatin in September 2021; (6) Dab-Pa Artisan at the K11 MUSEA in Tsim Sha Tsui in September 2021; and (7) Moments Together at Taikoo Li in Shanghai. In July 2021, our La’taste Restaurant at the Grand Plaza in Mongkok was closed and reopened as a Yakiniku Guu branded Japanese Restaurant in August 2021.

During FY2022 Q3, in addition to the closure of our La’taste restaurant discussed above, the following restaurants were closed: (1) our Sweetology restaurant at the Metroplaza in Kwai Fong was closed upon the expiration of its lease in May 2021 and we decided not to renew its lease; (2) the lease of our Say Cheese restaurant at the Park Central in Tseung Kwan O was due to expire on 1 November 2021 which we decided not to renew, however a new tenant entered into a new lease with the landlord and our lease was terminated early at the end of August 2021 without having to reinstate the site to the original bare shell condition; (3) our La’taste restaurant in Central was closed upon the expiration of its lease in October 2021 and we decided not to renew its lease; and (4) our Say Cheese Kiosk at the Olympic City was closed upon the expiration of its lease in October 2021 and we decided not to renew its lease.

Currently, the demand for restaurant staff is much greater than supply, resulting in a shortage of staff in our restaurants. We have therefore decided not to renew the leases of those restaurants listed above 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 are as follows:

By Brands	31.03.2021	30.06.2021	30.09.2021	31.12.2021	Date of Report
Hong Kong					
Nabe Urawa	9	9	9	9	9
Dab-Pa	5	5	6	6	6
La'taste	5	5	4	3	3
Rakuraku Ramen	3	3	3	3	3
Parkview	2	2	2	2	2
Yakiniku Guu	–	1	2	2	3
Moments Together	–	–	1	1	1
Say Cheese	1	1	–	–	–
Say Cheese Kiosk	1	1	1	–	–
Sankinn	–	–	–	–	1
Takano Ramen	1	1	2	2	2
Tirpse	1	1	1	1	1
Urawa	1	1	1	1	1
Wasyokuya Yamaichi	1	1	1	1	1
Sweetology	1	–	–	–	–
Xianghui*	1	1	1	1	1
Hong Kong Total	32	32	34	32	34
Shanghai					
Nabe Urawa	–	1	1	1	1
Same Same	–	–	1	1	1
Moments Together (Shi Li Xianghui)	1	1	1	2	2
Shanghai Total	1	2	3	4	4
Total	33	34	37	36	38

By Cuisine/Type	31.03.2021	30.06.2021	30.09.2021	31.12.2021	Date of Report
Japanese	15	17	19	19	20
Chinese	7	7	9	10	11
Southeast Asian	5	5	5	4	4
Western	4	4	3	3	3
Dessert	1	–	–	–	–
Kiosks	1	1	1	–	–
Total	33	34	37	36	38

Movement during each period	Full Year 31.03.2021	Three Months 30.06.2021	Three Months 30.09.2021	Three Months 31.12.2021	Nine Months 31.12.2021
At the Beginning of the Period	28	33	34	37	33
New Restaurants	6	2	5	1	8
Closed Restaurants	(1)	(1)	(2)	(2)	(5)
At the End of the Period	33	34	37	36	36

* 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:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date	Site Area (Sq M)
Yakiniku Guu/Sankinn	TMT Plaza, Tuen Mun	Sino Land	30.09.2027	None	Q1 2022	650.00
CUE	Citygate, Tung Chung	Swire	03.07.2026	None	Q3 2022	218.32

Our Yakiniku Guu and Sankinn restaurants commenced operation in January 2022.

For details of these leases, please refer to the announcements issued by the Company dated 2 September 2021 and 10 December 2021.

Significant Investments, Material Acquisitions or Disposals

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during FY2022 Q3.

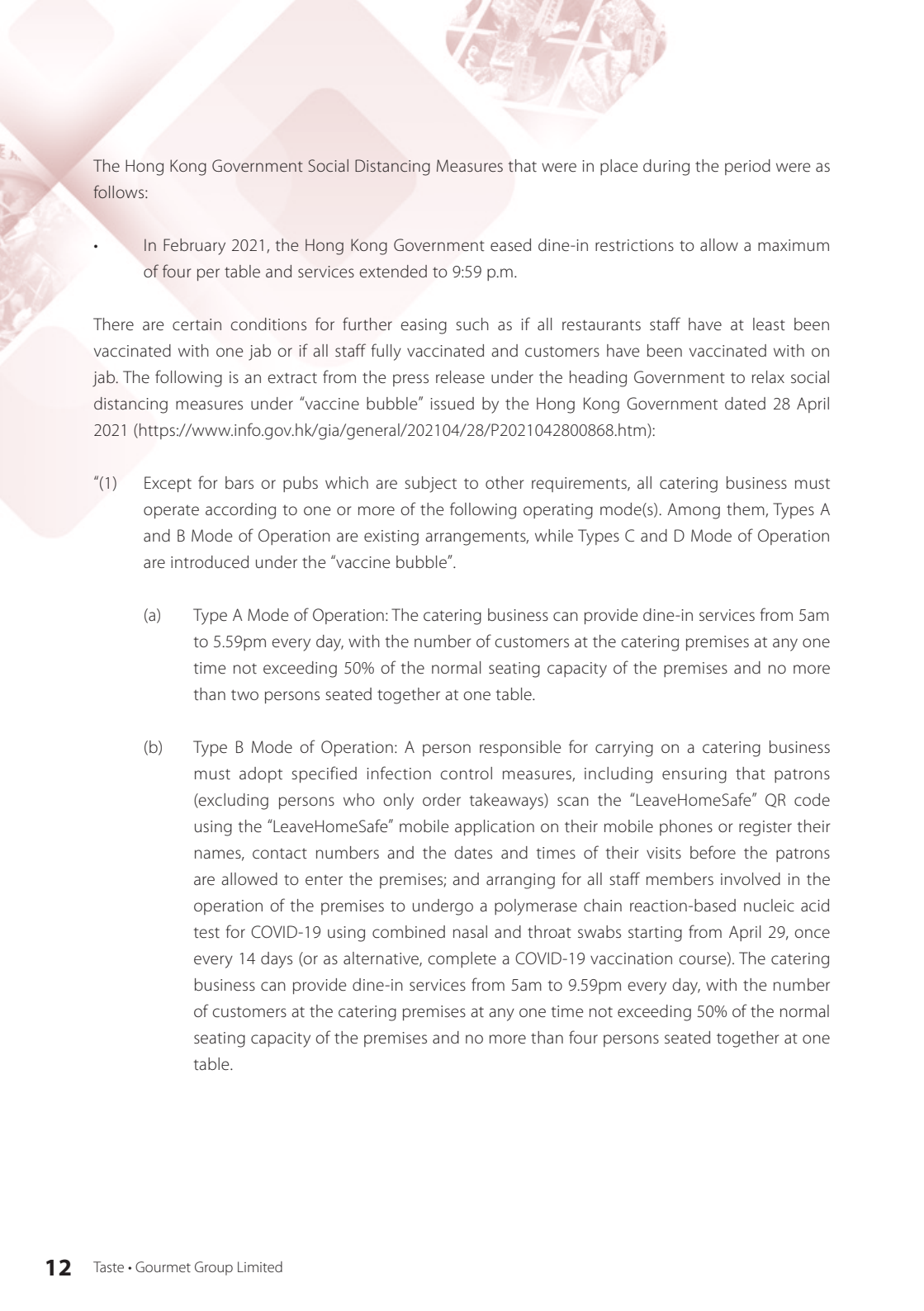
Restaurant Operations

During FY2022 Q3, a total of 2,342,579 customers patronized our restaurants (excluding Xiang Hui as it is equity accounted for in the consolidated financial statements of the Group), an increase of 721,560 customers or 44.5% when compared to the nine months ended 31 December 2020 (“FY2021 Q3”). The average spending per customer increased from HK\$174.3 to HK\$212.4 for FY2022 Q3 compared to the same period in 2020. The key operating information by cuisine are summarized as follows:

	Nine Months Ended											
	31.12.2021						31.12.2020					
	Revenue HK\$'000	Number of Seats	Average Daily Sales HK\$	Number of Customers	Average Spending per Customer HK\$	Daily Seating Turnover Rate	Revenue HK\$'000	Number of Seats	Average Daily Sales HK\$	Number of Customers	Average Spending per Customer HK\$	Daily Seating Turnover Rate
Vietnamese/ Southeast												
Asian	34,380	592	162,836	294,956	116.6	2.4	30,004	494	110,653	285,004	105.3	2.1
Japanese	265,235	2,024	1,046,197	1,178,474	225.1	2.3	142,070	1,632	596,083	695,589	204.2	1.8
- Nabe Urawa	177,004	1,308	650,603	725,419	244.0	2.0	104,100	1,180	440,196	447,502	232.6	1.6
- Yakimiku Guu	20,651	216	110,486	53,765	384.1	1.3	-	-	-	-	-	-
- Ramen	39,721	265	183,324	302,428	131.3	5.3	23,510	217	85,545	200,363	117.3	3.4
- Others	27,859	235	101,784	96,862	287.6	1.5	14,460	235	70,342	47,724	303.0	1.0
Chinese	124,069	909	551,980	506,163	245.1	2.5	45,758	658	218,475	250,927	182.4	1.8
Western	70,570	413	265,266	320,547	220.2	2.9	57,434	413	209,987	276,112	208.0	2.4
	494,254	3,938	2,026,279	2,300,140	214.9	2.4	275,266	3,197	1,135,198	1,507,632	182.6	1.9
Dessert	1,142	31	24,830	13,663	83.6	9.6	5,554	31	21,197	71,258	77.9	8.8
Kiosks	1,241	16	5,828	28,776	43.1	8.4	1,744	16	6,974	42,129	41.4	10.5
Others	980	-	-	-	-	-	-	-	-	-	-	-
	497,617	3,985	2,056,937	2,342,579	212.4	2.4	282,564	3,244	1,163,369	1,621,019	174.3	2.1

Impact of COVID-19 on the Number of Customers

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

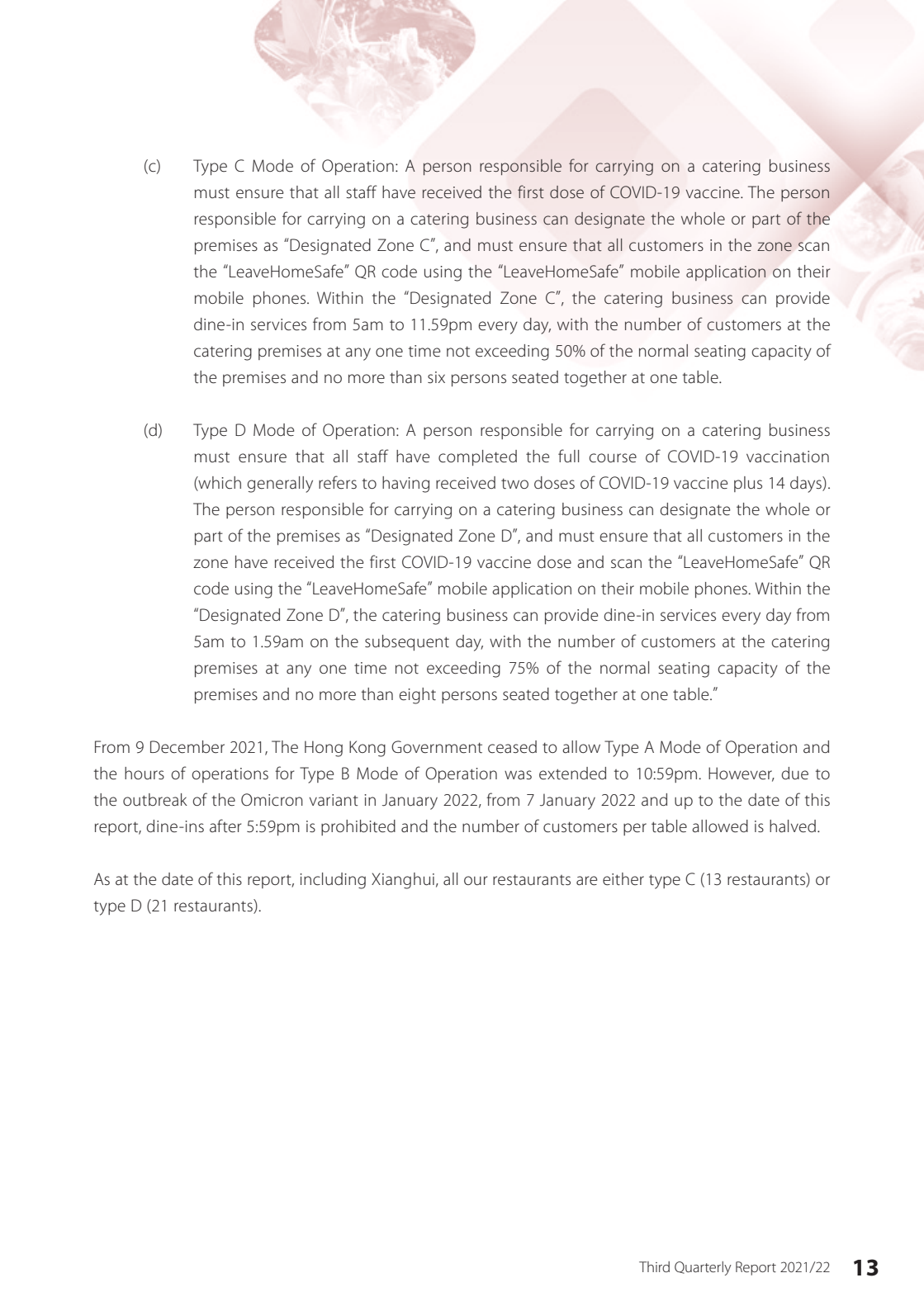


The Hong Kong Government Social Distancing Measures that were in place during the period were as follows:

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

There are certain conditions for further easing such as if all restaurants staff have at least been vaccinated with one jab or if all staff fully vaccinated and customers have been vaccinated with one jab. The following is an extract from the press release under the heading Government to relax social distancing measures under “vaccine bubble” issued by the Hong Kong Government dated 28 April 2021 (<https://www.info.gov.hk/gia/general/202104/28/P2021042800868.htm>):

- “(1) Except for bars or pubs which are subject to other requirements, all catering business must operate according to one or more of the following operating mode(s). Among them, Types A and B Mode of Operation are existing arrangements, while Types C and D Mode of Operation are introduced under the “vaccine bubble”.
- (a) Type A Mode of Operation: The catering business can provide dine-in services from 5am to 5.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than two persons seated together at one table.
- (b) Type B Mode of Operation: A person responsible for carrying on a catering business must adopt specified infection control measures, including ensuring that patrons (excluding persons who only order takeaways) scan the “LeaveHomeSafe” QR code using the “LeaveHomeSafe” mobile application on their mobile phones or register their names, contact numbers and the dates and times of their visits before the patrons are allowed to enter the premises; and arranging for all staff members involved in the operation of the premises to undergo a polymerase chain reaction-based nucleic acid test for COVID-19 using combined nasal and throat swabs starting from April 29, once every 14 days (or as alternative, complete a COVID-19 vaccination course). The catering business can provide dine-in services from 5am to 9.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than four persons seated together at one table.

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- (c) Type C Mode of Operation: A person responsible for carrying on a catering business must ensure that all staff have received the first dose of COVID-19 vaccine. The person responsible for carrying on a catering business can designate the whole or part of the premises as “Designated Zone C”, and must ensure that all customers in the zone scan the “LeaveHomeSafe” QR code using the “LeaveHomeSafe” mobile application on their mobile phones. Within the “Designated Zone C”, the catering business can provide dine-in services from 5am to 11.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than six persons seated together at one table.
- (d) Type D Mode of Operation: A person responsible for carrying on a catering business must ensure that all staff have completed the full course of COVID-19 vaccination (which generally refers to having received two doses of COVID-19 vaccine plus 14 days). The person responsible for carrying on a catering business can designate the whole or part of the premises as “Designated Zone D”, and must ensure that all customers in the zone have received the first COVID-19 vaccine dose and scan the “LeaveHomeSafe” QR code using the “LeaveHomeSafe” mobile application on their mobile phones. Within the “Designated Zone D”, the catering business can provide dine-in services every day from 5am to 1.59am on the subsequent day, with the number of customers at the catering premises at any one time not exceeding 75% of the normal seating capacity of the premises and no more than eight persons seated together at one table.”

From 9 December 2021, The Hong Kong Government ceased to allow Type A Mode of Operation and the hours of operations for Type B Mode of Operation was extended to 10:59pm. However, due to the outbreak of the Omicron variant in January 2022, from 7 January 2022 and up to the date of this report, dine-ins after 5:59pm is prohibited and the number of customers per table allowed is halved.

As at the date of this report, including Xianghui, all our restaurants are either type C (13 restaurants) or type D (21 restaurants).

FINANCIAL REVIEW

Revenue

For FY2022 Q3, the Group recorded revenue of HK\$497,617,000, representing an increase of 76.1% when compared to the same period in 2020.

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

	Nine months ended				Changes
	31.12.2021		31.12.2020		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Vietnamese/Southeast Asian	34,380	6.9%	30,004	10.6%	14.6%
Japanese	265,235	53.3%	142,070	50.3%	86.7%
Chinese	124,069	24.9%	45,758	16.2%	171.1%
Western	70,570	14.2%	57,434	20.3%	22.9%
Dessert	1,142	0.2%	5,554	2.0%	-79.4%
Kiosks	1,241	0.2%	1,744	0.6%	-28.8%
Others	980	0.2%	-	0.0%	100.0%
Total revenue	497,617	100.0%	282,564	100.0%	76.1%

When compared to the same period in 2020, 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

	Nine Months						
	FY2020 Full Year	FY2021 Full Year	Baseline June 2020	FY2022 Q1	FY2022 Q2	FY2022 Q3	31.12.2021
Average revenue							
per restaurant per day	90%	68%	100%	97%	108%	112%	106%

The average revenue per restaurant per day for FY2022 Q3 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 2021). However, the average revenue per restaurant per day during the nine months ended 31 December 2021 is higher than the baseline even with the restrictive social distancing measures in place.

Subsidies from the Hong Kong Government


No government subsidies in relation to the Anti-epidemic Fund was received by the Group during FY2022 Q3. Subsidies received during FY2021 Q3 amounted to HK\$24.6 million. However, we expect to receive approximately HK\$4.0 million in January/February 2022 in relation to the fifth phase of the Anti-epidemic Fund.

Rental Concessions

During FY2022 Q3, we received approximately HK\$0.9 million in rental concessions from our landlords which has been set-off against depreciation of Right-of-Use Assets. During FY2021 Q3, we received approximately HK\$6.2 million.

Major Cost Components

	Nine months ended				Changes
	31.12.2021		31.12.2020		
	HK\$'000 (unaudited)	% of Revenue	HK\$'000 (unaudited)	% of Revenue	
Raw materials and consumables used	149,947	30.1%	85,894	30.4%	74.6%
Staff costs	137,707	27.7%	77,503	27.4%	77.7%
Depreciation of property, plant and equipment	16,624	3.3%	13,153	4.7%	26.4%
Depreciation of ROU Assets	66,289	13.3%	55,151	19.5%	20.2%
Property rental and related expenses	26,463	5.3%	17,129	6.1%	54.5%
Utilities and cleaning expenses	14,855	3.0%	9,597	3.4%	54.8%
Other expenses	25,992	5.2%	17,598	6.2%	47.7%
Listing expenses	-	0.0%	16,248	5.8%	100.0%
Finance Costs	6,937	1.4%	4,882	1.7%	42.1%



Raw materials and consumables used increased by approximately 74.6% during FY2022 Q3 when compared to FY2021 Q3 is mainly due to the opening of new restaurants as discussed under revenue above. As a percentage of revenue raw materials and consumables used remained stable at 30.1%.

Staff costs increased by approximately 77.7% during FY2022 Q3 when compared to FY2021 Q3 is mainly due to the increase in the number of key staff in order to optimize the roles within Group and unpaid leaves taken by all our staff during FY2021 Q3. As a percentage of revenue staff costs remained stable at 27.7% when compared to FY2021 Q3 is primarily the same as the reason described above.

Property rental and related expenses increased by approximately 54.5% when compared to FY2021 Q3. The increase is primarily due to more restaurants were in operations during FY2022 Q3. As a percentage of revenue, property rental and related expenses decreased from 6.1% to 5.3% is primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q3 as property rental and related expenses only includes expenses such as turnover rents, building management fees and rates, which are mostly fixed expenses in nature.

Depreciation of property, plant and equipment and Depreciation of ROU Assets increased by approximately 26.4% and approximately 20.2%, respectively when compared to FY2021 Q3, which is primarily due to more restaurants were in operations during FY2022 Q3. In addition, the increase in depreciation of ROU Assets is also attributed by new leases under rent free periods that were under renovation. As a percentage of revenue, depreciation of property, plant and equipment and depreciation of ROU Assets decreased from 4.7% to 3.3% and from 19.5% to 13.3% is primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q3 as these assets are depreciated on a straight-line basis. However, the increase in depreciation of ROU Assets is offset by the charging of depreciation for new leases under rent free periods that had not commenced operations.

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to approximately HK\$25,992,000, representing an increase of approximately 47.7% when compared FY2021 Q3, primarily due to more restaurants were in operations during FY2022 Q3. As a percentage of revenue, other expenses accounted for approximately 5.2% of revenue, a slight decrease compared to the 6.2% recorded during FY2021 Q3 primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 Q3 as some expenses are fixed expenses in nature.

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

Net Profit and Profit Attributable to Owners of the Company

(1) *Unadjusted*

For the nine months ended 31 December 2021, net profit and profit attributable to owners of the Company amounted to approximately HK\$41,676,000 and HK\$44,812,000 respectively. Net profit increased by approximately HK\$25,026,000 or 150.3% and net profit attributable to owners of the Company increased by approximately HK\$27,504,000 or 158.9%.

(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 FY2021 Q3, net profit increased by approximately HK\$33,346,000 or 400.3% and net profit attributable to owners of the Company increased by approximately HK\$35,824,000 or 398.6%.

(3) *Listing Expenses Added Back Only*

Adjusted for the impact of listing expenses only incurred during FY2021 Q3, net profit increased by approximately HK\$8,778,000 or 26.7% and net profit attributable to owners of the Company increased by approximately HK\$11,256,000 or 33.5%.

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

Financial Resources and Position

As at 31 December 2021, all borrowings had been repaid during FY2022 Q3, representing a 100% decrease compared to 31 March 2021. Our bank borrowing carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.5% per annum. The bank borrowing is secured by the corporate guarantee of the Company.

Cash and cash equivalents amounted to HK\$109.5 million as at 31 December 2021 which are mostly denominated in Hong Kong Dollars. Although the Group has entered into the JV Agreement which will be subject to the exchange rate exposure of the Renminbi, the Group's main businesses are still conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks in the next twelve months.

As at 31 December 2021, the Group was in a net cash position (net debt divided by equity attributable to owners of the Company plus net debt).



Contingent Liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2021, the Group's outstanding capital commitments was approximately HK\$2.8 million.

Interim Dividend

The Board resolved not to declare an interim dividend for the nine months ended 31 December 2021.

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 push to increase the vaccination rate in Hong Kong, the Hong Kong Government has tightened social distancing measures by imposing restrictions on the unvaccinated from entering certain venues such as restaurants, bars, beauty parlors, gyms and cinemas. The new restriction is to commence on 24 February 2022. However, due to recent Omicron outbreak, currently dine-ins after 5:59pm is not allowed. During these difficult times, it is imperative that we continue or 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.

As for our expansion, 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 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Positions in Shares

Name of Directors	Capacity/Nature of interest	Number of Shares Held	Approximate Percentage of Shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Mr. Tsang Siu Chun	Beneficial owner	20,000	0.005%

Notes:

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 31 December 2021 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2021, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in Shares

Name of Substantial Shareholder	Capacity/Nature of interest	Number of Shares Held	Approximate Percentage of Shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
IKEAB Limited	Beneficial owner	250,318,000	64.693%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the shares of the Company owned by IKEAB Limited by virtue of the SFO.
2. Elite China is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 shares of the Company held by Elite China as at 31 December 2021 by virtue of the SFO.
3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 December 2021, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.



Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2021 and up to the date of this report.

Grant of Share Options

On 16 December 2021, 3,690,000 share options (the **"Share Options"**) were granted to certain eligible employees of the Group (the **"Grant"**) under the share option scheme adopted by the Company on 20 December 2017 to subscribe for 3,690,000 Shares in aggregate, representing 0.95% of the total 386,932,000 issued share capital of the Company as at the date of the Grant. The Share Options are valid until 15 December 2031 in accordance with a predetermined vesting schedule. For details of the Grant, please refer to the announcement issued by the Company dated 16 December 2021.

Corporate Governance

During the nine months ended 31 December 2021, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

Competing Interests

As at 31 December 2021, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Directors' Securities Transactions

The Company has adopted written guidelines regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard of dealings during the nine months ended 31 December 2021.

Audit Committee

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

An Audit Committee meeting was held on 8 February 2022 to review the unaudited condensed consolidated financial statements of the Group for nine months ended 31 December 2021 and is of the opinion that such financials complied with the applicable accounting standards, legal and disclosure requirements applicable to the Group.

Appreciation

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

By Order of the Board

WONG Ngai Shan

Chairman and Executive Director

Hong Kong, 8 February 2022

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

Executive Directors:

WONG Ngai Shan (*Chairman*)

CHAN Wai Chun (*Chief Executive Officer*)

Independent Non-executive Directors:

CHAN Yuen Ting

TSANG Siu Chun

WANG Chin Mong