



# TASTE · GOURMET

GROUP LIMITED

## 嚐 · 高美集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8371

2018/19



QUARTERLY  
REPORT





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

The board of Directors (the **"Board"**) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the **"Group"**) for the three months ended 30 June 2018.

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

*For the three months ended 30 June 2018*

	Notes	Three months ended	
		30.06.2018 HK\$'000 (unaudited)	30.06.2017 HK\$'000 (audited)
Revenue	2	<b>62,329</b>	48,651
Other Income		<b>26</b>	158
Other gains or losses, net		<b>–</b>	(335)
Raw materials and consumables used		<b>(18,419)</b>	(13,102)
Staff costs		<b>(19,261)</b>	(15,516)
Depreciation and amortisation		<b>(2,055)</b>	(1,486)
Property rental and related expenses		<b>(12,858)</b>	(8,199)
Utilities and cleaning expenses		<b>(2,245)</b>	(2,078)
Other expenses		<b>(3,608)</b>	(2,091)
Listing expenses		<b>–</b>	(7,452)
Finance costs		<b>(35)</b>	(126)
Profit (loss) before taxation		<b>3,874</b>	(1,576)
Income tax expense	3	<b>(1,171)</b>	(1,012)
Profit (loss) and total comprehensive income (expenses) for the period		<b>2,703</b>	(2,588)
Profit (loss) and total comprehensive income (expenses) for the period attributable to			
— Owners of the Company		<b>2,703</b>	(4,151)
— Non-controlling interests		<b>–</b>	1,563
		<b>2,703</b>	(2,588)
Earnings (loss) per share			
— Basic (HK cents)	5	<b>0.7</b>	(1.6)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to Owners of the Company						Non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Special reserves HK\$'000	Capital reserves HK\$'000	Other reserves HK\$'000	Accumulated profits HK\$'000	Subtotal HK\$'000	HK\$'000	
At 1 April 2018 (audited)	40,000	43,908	(300)	–	313	19,933	103,854	–	103,854
Profit and total comprehensive income for the period	–	–	–	–	–	2,703	2,703	–	2,703
Equity settled share-based transactions	–	–	–	2	–	–	2	–	2
At 30 June 2018 (unaudited)	40,000	43,908	(300)	2	313	22,636	106,559	–	106,559

	Attributable to Owners of the Company						Non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Special reserves HK\$'000	Capital reserves HK\$'000	Other reserves HK\$'000	Accumulated profits HK\$'000	Subtotal HK\$'000	HK\$'000	
At 1 April 2017 (audited)	–	–	–	–	313	11,899	12,212	5,263	17,475
Loss and total comprehensive expenses for the period	–	–	–	–	–	(4,151)	(4,151)	1,563	(2,588)
Issue of new shares by the Company and acquisition of non-controlling interests pursuant to Group reorganisation (Note 1)	300	–	(300)	–	–	6,826	6,826	(6,826)	–
At 30 June 2017 (audited)	300	–	(300)	–	313	14,574	14,887	–	14,887

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the Three Months ended 30 June 2018*

## 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. The address of the registered office of the Company 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 three months ended 30 June 2018 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 three months ended 30 June 2018 are consistent with those adopted in the preparation of accountants’ report included in the Company’s prospectus (“**Prospectus**”) dated 29 December 2017 and the audited consolidated financial statements for the year ended 31 March 2018. 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 three months ended 30 June 2018 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 three months ended 30 June 2018.

## 5. EARNINGS (LOSS) PER SHARE

The basic earnings (loss) per share is calculated based on the profit (loss) 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	
	30.06.2018 (unaudited)	30.06.2017 (audited)
<b>Earnings</b>		
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic (loss) per share (HK\$'000)	<b>2,703</b>	(4,151)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>400,000,000</b>	253,893,956

## BUSINESS REVIEW

During the three months ended 30 June 2018, the Group continued to expand by opening our Nabe Urawa Restaurant in Uptown Plaza in Tai Po ("**Uptown Nabe Urawa**") in April 2018 and acquired a dessert restaurant, Sweetology, the acquisition of which was completed on 1 April 2018. Uptown Nabe Urawa achieved breakeven during the first month of operations. The number of restaurants as at 31 March 2018, 30 June 2018 and as at the date of this report are as follows:

Restaurant	31 March 2018	30 June 2018	Date of Report
La'taste	5	5	5
Nabe Urawa	3	4	4
Dab-Pa	2	2	3
Say Cheese Kiosk	2	2	2
Fiat Caffé	1	1	1
Say Cheese	1	1	1
Sweetology	–	1	1
Urawa	1	1	1
<b>Total</b>	<b>15</b>	<b>17</b>	<b>18</b>

Our Dab-Pa Jing Chuan Hu in the Metroplaza in Kwai Fong opened in July 2018. Confirmed leases for the opening of new restaurants are as follows:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date	Seats	Site Area (Sq M)
Nabe Urawa	Park Central, Tseung Kwan O	Sun Hung Kai	31/08/2022	2	Q4 2018	140	306.58
Dab-pa	Citygate, Tung Chung	Swire Group	30/09/2023	None	Q1 2019	120	236.90

The expected commencement date of the Dab-pa restaurant in Citygate, Tung Chung was previously disclosed in our Prospectus and our annual report for the year ended 31 March 2018 ("**2018 Annual Report**") to open in the fourth quarter of 2018, however, due to a slight delay in the construction of the property at the Citygate, the site will not be handed over to us until the first quarter of 2019.

## Sweetology

As disclosed previously in our announcement dated 26 March 2018 and the 2018 Annual Report, the lease for the Sweetology restaurant in the Metroplaza in Kwai Fong which was due to expire on 5 November 2018 has now been extended for a further two years to 5 November 2020.

## Restaurant Operations

During the three months ended 30 June 2018, a total of 442,301 customers patronized our restaurants, an increase of 117,806 customers or 36.3% when compared to the same period in 2017. The average spending per customer decreased from HK\$149.9 to HK\$140.9 for the three months ended 30 June 2018 compared to the same period in 2017 but if the kiosks and dessert business are excluded, the average spending per customer increased to HK\$158.6. The average spending per order for our kiosks was HK\$37.9 and the average spending per customer for our dessert business was HK\$50.0. The key operating information by cuisine are summarized as follows:

	Three Months Ended 30 June											
	2018						2017					
	Revenue	Number of Seats	Average Daily Sales	Number of Customers	Average Spending per Customer	Daily Seating Turnover Rate	Revenue	Seats	Average Daily Sales	Number of Customers	Average Spending per Customer	Daily Seating Turnover Rate
	HK\$'000		HK\$		HK\$		HK\$'000		HK\$		HK\$	
Vietnamese	17,651	494	193,965	169,502	104.1	3.8	17,466	494	191,937	168,877	103.4	3.8
Japanese	28,875	619	322,967	118,334	244.0	2.1	19,159	391	210,543	83,776	228.7	2.4
Chinese	9,052	168	99,477	55,930	161.9	3.7	9,706	168	106,660	56,651	171.3	3.7
Western	3,662	173	40,242	29,749	123.1	1.9	2,319	93	25,481	15,191	152.6	1.8
	59,240	1,454	656,651	373,515	158.6	2.8	48,651	1,146	534,621	324,495	149.9	3.1
Dessert	1,985	31	21,816	39,678	50.0	14.1	-	-	-	-	-	-
Kiosks	1,103	16	12,126	29,108	37.9	20.0	-	-	-	-	-	-
	62,329	1,501	690,593	442,301	140.9	3.3	48,651	1,146	534,621	324,495	149.9	3.1

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

### Licensing of a Japanese Ramen Brand

On 13 July 2018, we entered into a licensing agreement with an independent third party from Japan to license the rights to the exclusive and unlimited usage for all countries outside of Japan of a Japanese ramen brand “多賀野” or “Takano”.

We are currently looking for a suitable location to open our first “多賀野” ramen restaurant and we currently do not have any other ramen restaurants in our Group.

For details of the licensing agreement, please refer to the announcement issued by the Company dated 23 July 2018.

### Share Repurchase

From 19 June 2018 to 6 July 2018, we purchased from the market a total of 6,472,000 Shares which were subsequently cancelled on 2 August 2018. 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.

### Grant of Share Options

On 29 June 2018, a total of 2,810,000 share options were granted to eligible employees of the Company to subscribe for 2,810,000 Shares at an exercise price of HK\$0.92 per Share (the “**Share Options**”). The Share Options granted represent approximately 0.70% of the total issued capital of the Company as at date of the grant. No Share Options were granted to any of the Directors. For details of the grant of Share Options, please refer to the announcement issued by the Company dated 29 June 2018.

### Future Prospects

Although the results of some of our Existing Shops were below our expectation, we believe our philosophy of value-for-money as well as high standard of services will restore the results of our Existing Shops. Improvements are already evident during the month of July.

We are currently in discussion with several shopping mall landlords for possible new restaurants for our existing brands as well as our new Japanese ramen brand.

## FINANCIAL REVIEW

### Revenue

For the three months ended 30 June 2018, the Group recorded revenue of approximately HK\$62,329,000, representing an increase of 28.1% when compared to the same period in 2017.

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		Three months ended	
	30.06.2018		30.06.2017	
	HK\$'000	%	HK\$'000	%
	(unaudited)	of Revenue	(audited)	of Revenue
Vietnamese	17,651	28.3%	17,466	35.9%
Japanese	28,875	46.3%	19,160	39.4%
Chinese	9,052	14.5%	9,706	20.0%
Western	3,662	5.9%	2,319	4.8%
Dessert	1,985	3.2%	–	0.0%
Kiosks	1,103	1.8%	–	0.0%
Total revenue	62,329	100.0%	48,651	100.0%

The increase in revenue is attributable to the opening of: (i) Uptown Nabe Urawa; (ii) Nabe Urawa restaurant in Hysan Place in Causeway Bay in September 2017; (iii) Say Cheese restaurant in Park Central in Tseung Kwan O in November 2017; and (iv) two Say Cheese Kiosks in Olympian City, West Kowloon and in Metroplaza, Kwai Fong in December 2017; and (v) the acquisition of Sweetology in Metroplaza, Kwai Fong in April 2018. However, the increase was partially off-set by decreases in revenue in some of our restaurants. The overall decrease from existing restaurants as at the three months ended 30 June 2017 ("**Existing Shops**") amounted to approximately HK\$405,000 or 0.83% when compared to the three months ended 30 June 2018.

## Major Cost Components

	Three months ended				Changes
	30.06.2018		30.06.2017		
		%		%	
	HK\$'000	of Revenue	HK\$'000	of Revenue	
	(unaudited)		(audited)		
Raw materials and consumables used	18,419	29.6%	13,102	26.9%	40.6%
Staff costs	19,261	30.9%	15,516	31.9%	24.1%
Depreciation and Amortisation	2,055	3.3%	1,486	3.1%	38.3%
Property rental and related expenses	12,858	20.6%	8,199	16.9%	56.8%
Utilities and cleaning expenses	2,245	3.6%	1,572	3.2%	42.8%
Other expenses	3,608	5.8%	2,091	4.3%	72.5%

Raw materials and consumables used, depreciation and amortisation, property rentals and related expenses and utilities and cleaning expenses have recorded increases of 40.6%, 38.3%, 56.8% and 42.8%, respectively when compared to the same period in 2017. The reason for such increases are the same as for revenue increase discussed above. As a percentage of revenue, depreciation and utilities and cleaning expenses are stable during the two periods.

Raw materials and consumables used increased from 26.9% to 29.6% is primarily due to: (i) the initially purchases for the opening of Uptown Nabe Urawa and Sweetology; (ii) the higher food costs as a percentage of revenue for our Uptown Nabe Urawa as it is an all-you-can-eat Japanese Shabu Shabu concept; and (iii) the decrease of revenue of Existing Shops but raw materials and consumables purchased during the period has not been adjusted to reflect such decreases. However, we believe that raw materials and consumables as a percentage of revenue should reduce from the 29.6% recorded during the three months ended 30 June 2018 for the remainder of the year.

Property rental and related expenses increased from 16.9% to 20.6% as a percentage of revenue primarily due to; (i) the opening of two new restaurants during the three months ended 30 June 2018 compared to nil restaurants during the three months ended 30 June 2017; and (ii) rental increases for some of our Existing Shops. With deferred rent during the rent-free periods prior to their respective commencement of operations being amortised to the income statement without having any corresponding revenue, with the biggest impact from rental charges of our Dab-pa Jing Chuan Hu restaurant with deferred rent, management fees and rates of approximately HK\$838,000 charged to the income statement without having a corresponding revenue to cover such costs. However, we believe that property rental and related expenses as a percentage of revenue should reduce from the 20.6% recorded during the three months ended 30 June 2018 for the remainder of the year.

Staff costs decreased by 1.0% when compared to the same period in 2017 primarily due to the number of staff required for our Nabe Urawa restaurants and Say Cheese outlets are less compared to our other restaurant operations. With the increasing difficulty in hiring operational staff, the shift in operations that require fewer staff is essential in controlling staff costs as well as relieving pressure on our operational staff.

### **Other expenses**

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to approximately HK\$3,608,000, representing an increase of approximately 72.5% when compared to the same period in 2017. As a percentage of revenue, other expenses accounted for 5.8% of revenue for the three months ended 30 June 2018, a sizable increase compared to the 4.3% recorded during the same period in 2017. The increase was primarily due to 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 and expenses incurred in relation to compliance costs on maintaining the listing of the Company's Share on GEM.

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

For the three months ended 30 June 2018, net profit amounted to approximately HK\$2,703,000, an increase from the net loss of approximately HK\$2,588,000 recorded in the same period in 2017. However, adjusted for the impact of listing expenses incurred during the three months ended 30 June 2017 of approximately HK\$7,452,000, the adjusted net profit amounted to approximately HK\$4,864,000 for the three months ended 30 June 2017. Compared with the adjusted net profit, net profit for the three months ended 30 June 2018 decreased by approximately HK\$2,161,000 or 44.4%.

Profit attributable to owners of the company is the same as the net profit amount as there is no non-controlling interests in our subsidiaries during the three months ended 30 June 2018. During the three months ended 30 June 2017, due to listing expenses incurred during the period, a loss attributable to owners of the company of approximately HK\$4,151,000 was recorded.

The profit attributable to owners of the company adjusted for the impact of the listing expenses was approximately HK\$3,301,000 for the three months ended 30 June 2017, therefore representing a decrease of approximately 18.1% during the three months ended 30 June 2018. The main reason for the decrease is the cumulative effect of the increase in raw materials and consumables used, property rental and related expenses and other expenses relating to the compliance costs on maintaining the listing of the Company's shares on GEM discussed above.

### Financial Resources and Position

As at 30 June 2018, total borrowings amounted to approximately HK\$4,205,000 million, representing a decrease of 74.5% compared to the same period in 2017. All bank borrowings carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.2% per annum and was secured by leasehold land and buildings owned by Mr. Wong and Ms. Chan (the **"Controlling Shareholders"**), guarantees given by the Controlling Shareholders and blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company which was subsequently replaced by the corporate guarantee of the Company.

As at 30 June 2018, obligations under finance leases amounted to approximately HK\$0.4 million which are secured by two motor vehicles of the Company with a net book value of approximately HK\$1.0 million.

Cash and cash equivalents amounted to approximately HK\$78.3 million as at 30 June 2018 which are mostly denominated in Hong Kong Dollars. As the Group's businesses are conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks.

As at 30 June 2018, the Group had a current ratio of 3.8 times and net cash position (net debt divided by equity attributable to owners of the Company plus net debt).

The Group had no assets pledged nor any material contingent liabilities nor any material capital commitments as at 30 June 2018.

## OTHER INFORMATION

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

As at 30 June 2018, 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 as at 30 June 2018	Approximate Percentage of Shareholding as at date of report
Mr. Wong Ngai Shan ("Mr. Wong")	Interest in controlled corporation and interest of spouse	249,450,000	62.36%	63.39%
Ms. Chan Wai Chun ("Ms. Chan")	Interest in controlled corporation and interest of spouse	249,450,000	62.36%	63.39%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.
2. Mr. Wong is the spouse of Ms. Chan.
3. On 2 August 2018, a total of 6,472,000 Shares repurchased by the Company from 19 June 2018 to 6 July 2018 were cancelled.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2018, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

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

<b>Name of Substantial Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares Held</b>	<b>Approximate Percentage of Shareholding as at 30 June 2018</b>	<b>Approximate Percentage of Shareholding as at date of report</b>
IKEAB Limited	Beneficial owner	249,450,000	62.36%	63.39%
Mr. Wong	Interest in controlled corporation and interest of spouse	249,450,000	62.36%	63.39%
Ms. Chan	Interest in controlled corporation and interest of spouse	249,450,000	62.36%	63.39%
Mr. Chua Sai Men	Beneficial owner	24,320,000	6.08%	6.18%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.
2. Mr. Wong is the spouse of Ms. Chan.
3. On 2 August 2018, a total of 6,472,000 Shares repurchased by the Company from 19 June 2018 to 6 July 2018 were cancelled.

Save as disclosed above, as at 30 June 2018, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

### **Purchase, Sale or Redemption of Listed Securities**

The Company repurchased Shares on the market as follows:

<b>Period</b>	<b>Number of Shares Repurchased</b>
1 April 2018 to 30 June 2018	3,824,000
1 July 2018 to 6 July 2018	2,648,000
<b>Total</b>	<b>6,472,000</b>

The total of 6,472,000 Shares repurchased were cancelled on 2 August 2018.

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 three months ended 30 June 2018 and up to the date of this report.

### **Corporate Governance**

During the three months ended 30 June 2018, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

### **Competing Interests**

As at 30 June 2018, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

### **Directors' Securities Transactions**

The Company has adopted written guidelines regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard of dealings during the three months ended 30 June 2018.

### Interests of Compliance Adviser

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

### Audit Committee

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

An Audit Committee meeting was held on 8 June 2018 to review the unaudited condensed consolidated quarterly financial statements of the Group for three months ended 30 June 2018 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 August 2018

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