

TASTY CONCEPTS HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)



賞之味控股有限公司
Stock Code: 8096

FIRST QUARTERLY REPORT

2021/2022

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

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

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

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

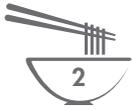
*This report, for which the directors (the “**Directors**”) of Tasty Concepts Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange 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.*

CONTENTS



2	Financial highlights
3	Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
4	Condensed Consolidated Statements of Changes in Equity
5	Notes to the Condensed Consolidated Financial Statements
12	Management Discussion and Analysis
17	Other Information





FINANCIAL HIGHLIGHTS

- The Group's revenue for the three months ended 30 June 2021 was approximately HK\$13.3 million, representing an increase of approximately 2.3% compared with that of the corresponding period in 2020.
- Loss for the three months ended 30 June 2021 was approximately HK\$1.1 million, compared with that of a profit for the corresponding period in year 2020 of approximately HK\$0.3 million.
- The Board did not recommend payment of any dividend for the three months ended 30 June 2021 (2020: Nil).

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

	Notes	For the three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
 Revenue	4	13,260	12,960
Cost of inventories		(3,021)	(2,492)
Other income	5	205	2,610
Other gains and losses	5	1	53
Staff costs		(6,034)	(5,555)
Rental and related expenses		(729)	(831)
Depreciation and amortisation		(1,481)	(2,320)
Other expenses		(3,311)	(3,734)
Finance costs	6	(193)	(359)
(Loss) profit before taxation		(1,303)	332
Taxation	8	180	8
(Loss) profit for the period		(1,123)	340
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on the translation of foreign operations		15	6
Total comprehensive (expense) income for the period		(1,108)	346
(Loss) earnings per share			
Basic (HK cents)	10	(0.22)	0.07



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	5,000	64,646	9,107	26	5	(43,958)	34,826
Profit for the period	—	—	—	—	—	340	340
Other comprehensive income for the period	—	—	—	—	6	—	6
Total comprehensive income for the period	—	—	—	—	6	340	346
At 30 June 2020 (unaudited)	5,000	64,646	9,107	26	11	(43,618)	35,172
At 1 April 2021 (audited)	5,000	64,646	9,107	26	(92)	(57,342)	21,345
Loss for the period	—	—	—	—	—	(1,123)	(1,123)
Other comprehensive income for the period	—	—	—	—	15	—	15
Total comprehensive income (expense) for the period	—	—	—	—	15	(1,123)	(1,108)
At 30 June 2021 (unaudited)	5,000	64,646	9,107	26	(77)	(58,465)	20,237

Note:

- (i) In accordance with statutory requirements in the People's Republic of China (the "PRC"), other than Hong Kong, subsidiaries registered in the PRC are required to transfer a certain percentage of the annual net income from accumulated profits to the statutory funds, until the statutory funds are accumulated up to 50% of its registered capital. Under normal circumstances, the statutory funds are not allowed to be distributed to the subsidiaries' shareholders as dividends. The statutory funds shall only be used for offsetting accumulated losses, capitalisation into paid-in capital and expansion of its production and operations.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 July 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange on 15 March 2019. The immediate holding company of the Company is Brilliant Trade Enterprises Limited ("**Brilliant Trade**"), which was incorporated in the British Virgin Islands, and 35%, 35%, 15% and 15% owned by Mr. Tang Chun Ho Chandler ("**Mr. C Tang**"), Mr. Tang Hing Chee ("**Mr. HC Tang**"), father of Mr. C Tang, Ms. Tai Shiu Bun, Mariana ("**Ms. Tai**"), mother of Mr. C Tang, and Ms. Tang Wing Shan, Ariel ("**Ms. A Tang**"), sister of Mr. C Tang (hereinafter Mr. C Tang, Mr. HC Tang, Ms. Tai and Ms. A Tang are collectively referred to as the "**Controlling Shareholders**"). The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 6th Floor, Goldsland Building, 22-26 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

The Company acts as an investment holding company and its subsidiaries are principally engaged in operation of Japanese ramen restaurants in Hong Kong.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are presented in Hong Kong Dollar ("**HK\$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the unaudited condensed consolidated financial statements include the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are consistent with those used in the Group's annual financial statements for the year ended 31 March 2021 except as described below.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs, including Hong Kong Accounting Standards (“**HKASs**”) and Interpretations, issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2021. The adoption of these new and revised HKFRSs in the current period has no material effect on the amounts and/or disclosures reported set out in these unaudited condensed consolidated financial statements.

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

3.1 Amendment to HKFRS 16 – Covid-19-Related Rent Concessions

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date of the amendment is issued. The Group early adopted the amendment since the annual reporting period for the year ended 31 March 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3.2 Amendment to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment extends the practical expedient available to lessees in accounting for COVID-19-related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

NEW AND AMENDMENTS TO HKFRSs IN ISSUED BUT NOT YET EFFECTIVE

Except for the amendments to HKFRSs mentioned above, the Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs and anticipates that the application of these new HKFRSs would have no material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable for services provided and goods sold and net of discount, during the period.

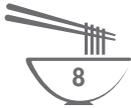
	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Recognised at a point in time:		
Operation of restaurants in Hong Kong	11,997	12,169
Operation of restaurants in the PRC	—	662
Sales of food and related products to franchisees	951	—
Recognised over time:		
Royalty fee income from franchisees (Note i)	259	38
License fee income from a licensee (Note ii)	7	14
Consultancy services income from a franchisee (Note iii)	46	77
	13,260	12,960

Notes:

- (i) Royalty fee income is calculated with reference to the revenue or the number of the restaurants run by the franchisees for a term of three or five years.
- (ii) License fee income is calculated with reference to the production volume of the licensed products produced by the licensee for a term of two years.
- (iii) Consultancy fee income is calculated with reference to the number of restaurants run by the franchisee for a term of five years.

Contracts for royalty fee income are under 3- or 5-year non-cancellable term in which the Group bills at a fixed rate on the sales generated from the use of trademark by the franchisees or a fixed amount on the number of the restaurants run by the franchisees under the trademark. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has the right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

Contracts for license fee income are under 2-year non-cancellable term in which the Group bills at a fixed amount for each licensing product produced by the licensee. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has the right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Consultancy services income is recognised over time as the Group provides consultancy services and the franchisee simultaneously receives and consumes the benefit provided by the Group. Consultancy service income is charged at respective fixed amounts based on the number of restaurants operated by a franchisee under the trademark. Consultancy service fee income is due on a quarterly basis.

Segment information

The Group is principally engaged in operation of Japanese ramen restaurants in Hong Kong. Operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. The executive Directors have been identified as the chief operating decision maker ("CODM"). The CODM reviews the Group's revenue analysis by geographical location in order to assess performance and allocation of resources.

Other than revenue analysis, no operating results or other discrete financial information is available for the assessment of performance and allocation of resources. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, other than entity wide information, no analysis of this single operating segment is presented.

Geographical information

The Group's current operations are mainly located in Hong Kong. Information about the Group's revenue from external customers presented based on the location of the customers is detailed below:

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	12,004	12,183
The PRC (Note i)	67	762
Macau Special Administrative Region of the PRC ("Macau") (Note ii)	1,189	15
	13,260	12,960

Note:

- (i) The revenue is derived from operation of restaurants in the PRC, sales of food and related products to and the royalty fee and consultancy services income from a franchisee which is located in the PRC.
- (ii) The revenue is derived from the sales of food and related products to and royalty fee income from a franchisee which is located in Macau.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

5. OTHER INCOME/OTHER GAINS AND LOSSES

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<u>Other income:</u>		
Rental concessions	120	1,482
Government grants (Note)	—	1,080
Imputed interest income	40	47
Bank interest income	—	1
Others	45	—
	205	2,610
<u>Other gains and losses:</u>		
Net exchange gains	1	—
Gain on disposal of a motor vehicle	—	53

Note: Government grants mainly represent subsidies received from the "Anti-epidemic Fund" from the government of Hong Kong Special Administrative Region (the "**Hong Kong Government**") for the Group's business. There were no unfulfilled conditions and other contingencies attached to the receipt of the grant.

6. FINANCE COSTS

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interests on lease liabilities	173	330
Interests on bank borrowings	20	29
	193	359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

7. (LOSS) PROFIT BEFORE TAXATION

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Auditor's remuneration	141	141
Directors' remuneration	1,311	584
Other staff costs:		
– salaries, bonuses and allowances	4,539	4,748
– retirement benefits schemes contributions	184	223
Total staff costs	6,034	5,555
Depreciation of property and equipment	327	377
Depreciation of right-of-use assets	1,154	1,937
Amortisation of intangible assets	–	6
Total depreciation and amortisation	1,481	2,320

8. TAXATION

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The taxation comprises:		
Hong Kong Profits Tax charge for the period	49	124
Deferred tax credit	(229)	(132)
	(180)	(8)

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the three months ended 30 June 2020 and 2021, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000 of that subsidiary, if any. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

9. DIVIDENDS

The board of Directors (the “**Board**”) did not recommend the payment of any dividend for the three months ended 30 June 2021 (2020: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss) profit		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(1,123)	340

	For the three months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	500,000,000	500,000,000

No separate diluted (loss) earnings per share information has been presented as there were no potential ordinary shares in issue for the three months ended 30 June 2020 and 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the three months ended 30 June 2021 and up to the date of this report, the Group has been principally engaged in operating ramen restaurants in Hong Kong, generating revenue from provision of catering services. Besides, the Group also generates revenue from (i) franchising the own brand to franchisees to operate ramen restaurants in Macau and the PRC and receive royalty fee and consultancy services income and income from sales of food and accessories products to the franchisees; (ii) granting an exclusive licence to a licensee to use the Group's trademarks on licensed products, license fee income is charged based on the production volume.

As at 30 June 2021 and up to the date of this report, the Group operated 7 and 6 ramen restaurants respectively in Hong Kong.

FINANCIAL REVIEW

REVENUE

The revenue of the Group increased by approximately 2.3% from approximately HK\$13.0 million for the three months ended 30 June 2020 to approximately HK\$13.3 million for the three months ended 30 June 2021. Despite revenue generated from operating restaurants by the Group in both Hong Kong and the PRC decreased during the three months ended 30 June 2021 because some non-profitable restaurants being closed during the financial year 2021 as well as the closure of restaurant due to the expiration of tenancy agreement in relation to the lease of the property occupied for business during the three months ended 30 June 2021, the increase in the Group's revenue is mainly attributed to the sales of food and related products to and the royalty fee income from a franchisee in Macau, of which, the restaurant operated by the franchisee was once closed during corresponding period in year 2020 due to the coronavirus disease 2019 ("COVID-19") epidemic, but already have resumed to normal operation during the three months ended 30 June 2021.

Information about the Group's revenue from external customers presented based on the location of the customers is detailed below:

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	12,004	12,183
The PRC (Note i)	67	762
Macau (Note ii)	1,189	15
	13,260	12,960

Note:

- (i) The revenue is derived from operation of restaurants in the PRC, sales of food and related products to and the royalty fee and consultancy services income from a franchisee which is located in the PRC.
- (ii) The revenue is derived from the sales of food and related products to and royalty fee income from a franchisee which is located in Macau.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF INVENTORIES

Cost of inventories increased by approximately HK\$0.5 million, or approximately 21.2%, from approximately HK\$2.5 million for the three months ended 30 June 2020 to approximately HK\$3.0 million for the three months ended 30 June 2021. The cost of inventories sold amounted to approximately 19.2% and 22.8% of the Group's total revenue for the three months ended 30 June 2020 and 2021, respectively. The ratio increased as compared to corresponding period in year 2020, which is mainly attributed to several value set meal bundles have been launched at preferential price during the three months ended 30 June 2021, which led to a higher cost of inventories to revenue ratio. Besides, the increasing food costs given to the instability in supply of the main ingredients, e.g. pork, trigger by the outbreaks of the COVID-19 epidemic worldwide in the past year, which also giving rise to the increase in logistic and delivery costs for ingredients.

OTHER INCOME

Other income mainly comprised of subsidies granted by the Hong Kong Government, rental concessions received, imputed interest income, bank interest income and other miscellaneous income. The decrease in amount of approximately HK\$2.4 million was mainly attributed to (i) the decrease in government grants received under the "Anti-epidemic Fund" amounted to approximately HK\$1.1 million as corresponding subsidies was fully received and fully recognised during the financial year 2021 and (ii) the decrease in rental concessions received from landlords amounted to approximately HK\$1.4 million during the three months ended 30 June 2021.

OTHER GAINS AND LOSSES

Other gains and losses mainly represented the net exchange gains and gain on disposal of a motor vehicle for the three months ended 30 June 2020 and 2021.

STAFF COSTS

Staff costs increased by approximately 8.6% from approximately HK\$5.6 million for the three months ended 30 June 2020 to approximately HK\$6.0 million for the three months ended 30 June 2021. The increase in staff costs was mainly attributable to (i) discretionary bonus distributed to Directors and (ii) all of the Group's restaurants had resumed to normal business hour during the three months ended 30 June 2021 as the local COVID-19 pandemic in Hong Kong became gradually alleviated. Staff costs were the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to approximately 42.9% for the three months ended 30 June 2020 and approximately 45.5% for the three months ended 30 June 2021.

The Group understands the importance of recruiting the skilled personnel and retaining experienced staff in the highly competitive labour market in order to properly manage the Group's restaurants and interact with the customers, which is critical to maintain the quality and consistency of the Group's services as well as the brand reputation.



MANAGEMENT DISCUSSION AND ANALYSIS

RENTAL AND RELATED EXPENSES

Rental and related expenses for the three months ended 30 June 2021 represents (i) building management fee, (ii) government rent and rates, (iii) rental for machineries, (iv) contingent rents and (v) other leases for which the lease term ends within twelve months or leases of which the underlying assets are of low value. The rental and related expenses decreased by approximately HK\$0.1 million or 12.3% for the three months ended 30 June 2021 compared to corresponding period in year 2020, which was mainly because less tenancy agreements were entered by the Group during the three months ended 30 June 2021 since certain restaurants were closed down during the financial year 2021 and for the three months ended 30 June 2021.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the three months ended 30 June 2021 represents depreciation charge for (i) leasehold improvements, (ii) fixtures and equipment and (iii) right-of-use assets of the Group. For the three months ended 30 June 2021, the Group has recorded depreciation of right-of-use assets amounted to approximately HK\$1.2 million (2020: approximately HK\$1.9 million) and depreciation charges for property and equipment and amortisation expenses of intangible assets amounted to approximately HK\$0.3 million (2020: approximately HK\$0.4 million). The decrease of depreciation and amortisation expenses amounted to approximately HK\$0.8 million or 36.2% owing to the impairment losses recognised for certain of the Group's property and equipment and right-of-use assets as at 31 March 2021.

OTHER EXPENSES

Other expenses mainly consist of water, electricity, gas and other utilities expenses, repair and maintenance fee, audit and professional fees, business and product development expenses, cleaning expenses and motor vehicle and logistics expenses. Other expenses decreased from approximately HK\$3.7 million to approximately HK\$3.3 million from the three months ended 30 June 2020 to 2021, representing a decrease of approximately 11.3%. The decrease was mainly attributed to variable operating expenses decreased following with the closures of certain restaurants as well as various cost control measures implemented by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of the Group's other expenses are set out as below:

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Utilities expenses	653	566
Audit and professional fees	720	1,403
Advertising and marketing expenses	62	57
Repair and maintenance fees	483	130
Business and product development	149	103
Motor vehicle and logistics expenses	358	266
Consumables	290	200
Insurance expenses	194	249
Cleaning expenses	110	80
Provisions for surcharge and penalty for litigation <i>(Note i)</i>	59	—
Others <i>(Note ii)</i>	233	680
	3,311	3,734

Note:

(i) The Group has been involved in several claims in relation to rent arrears during the three months ended 30 June 2021, of which provisions for estimated surcharge and penalty that might be bore by the Group from the litigation amounted to approximately HK\$59,000 was provided and recognised during the three months ended 30 June 2021 (2020: nil).

(ii) Others include office expenses, sundry expenses and handling charges expenses to electronic payment or delivery platforms.

FINANCE COSTS

Finance costs for the three months ended 30 June 2021 represents (i) interests on lease liabilities amounted to approximately HK\$0.2 million (2020: approximately HK\$0.3 million) and (ii) interests on bank borrowings amounted to approximately HK\$20,000 (2020: approximately HK\$29,000).

TAXATION

Income tax credits amounted to approximately HK\$0.2 million for the three months ended 30 June 2021 (2020: approximately HK\$8,000), which is mainly due to the deferred tax credited to profit or loss resulting from the tax impact in temporary difference between the tax base of property and equipment, intangible assets and right-of-use assets and their carrying amount.



MANAGEMENT DISCUSSION AND ANALYSIS

(LOSS) PROFIT FOR THE PERIOD

The Group recorded a loss of approximately HK\$1.1 million for the three months ended 30 June 2021, whereas a profit of approximately HK\$0.3 million for corresponding period in year 2020, which was primarily due to (i) the decrease in government grants received under the “Anti-epidemic Fund” and “Employment Support Scheme” due to the outbreak of the COVID-19; (ii) the decrease in rental concessions received from landlords; and (iii) the increase in staff costs.

OUTLOOK

The Group’s objective is to provide premium quality “Hakata-Style” Japanese ramen and unforgettable excellent service to the customers. The Group always strive for every possible opportunity to enhance the operation efficiency and profitability of its business.

The COVID-19 pandemic has undoubtedly turned a new page on the food and beverage industry, consumption patterns and habits of the customers changed and the demand in dining services is no longer be the same as before. Customers nowadays might prefer to enjoy takeaway ramen at home or prepacked products to avoid any infection of viruses.

The local COVID-19 pandemic in Hong Kong seems gradually alleviating with the raise of the public epidemic prevention awareness as well as the COVID-19 Vaccination Programme implemented by the Hong Kong Government since the first quarter of year 2021. However, the risk of an explosive community outbreak and a rebound of the epidemic situation remains considerably at a high level. It could be difficult to predict the future development of the COVID-19 pandemic as well as the timeline for the economic recovery and the resumption of global travels, which are all important factors for the food and beverage industry and the Group’s success; however, the Group believes that difficulties mastered are opportunities won. The COVID-19 pandemic undoubtedly offers the industry with unprecedented difficulties but meanwhile, providing opportunities to the management to equip themselves with the flexibility to handle unexpected and unfamiliar situations and enhanced the awareness and responsiveness to the changes in market environment.

Despite certain business plans established were deferred due to the unexpected society environment as well as the COVID-19 pandemic in past two years, the management will keep on monitor the market development and to react in a timely basis. Meanwhile, we will be endeavouring to enhance the quality of the food and providing excellent services to our customers. As the Group understands that throughout the good times or bad times, quality of food and service matter to our customers.

The Group will also proactively seek potential business opportunities or cooperation with different potential parties to broaden the sources of income and bringing better return on investment for the shareholders.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

Long position in the shares

 Name	Capacity/Nature	Number of shares held/interested	Percentage of shareholding
Mr. Tang Chun Ho Chandler <i>(Note)</i>	Interested in a controlled corporation	341,250,000	68.25%
Mr. Tang Hing Chee <i>(Note)</i>	Interested in a controlled corporation/ Interest of spouse	341,250,000	68.25%

Note:

Brilliant Trade is owned as to 35% and 35% by Mr. C Tang and Mr. HC Tang, each of whom by virtue of the SFO is deemed to be interested in 68.25% (60.25% as at the date of this report) of the issued share capital of the Company in which Brilliant Trade is interested in.

As at the date of this report, Mr. C Tang and Mr. HC Tang's interests in the shares has reduced to 60.25% respectively, as Brilliant Trade sold its beneficially owned shares.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following persons/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the shares

 Name	Capacity/Nature	Number of shares held/interested	Percentage of shareholding
Brilliant Trade (Note 1)	Beneficial owner	341,250,000	68.25%
Ms. Tai Shiu Bun Mariana (Note 2)	Interest of spouse	341,250,000	68.25%
Ms. Lee Wai Yu Giselle (Note 3)	Interest of spouse	341,250,000	68.25%

Notes:

- (1) As at the date of this report, Brilliant Trade's interest in shares has reduced to 60.25% as it sold its beneficially owned shares.
- (2) Ms. Tai Shiu Bun Mariana is the spouse of Mr. HC Tang. Accordingly, Ms. Tai Shiu Bun Mariana is deemed, or taken to be, interested in the shares in which Mr. HC Tang is interested for the purpose of the SFO (60.25% as at the date of this report).
- (3) Ms. Lee Wai Yu Giselle is the spouse of Mr. C Tang. Accordingly, Ms. Lee Wai Yu Giselle is deemed, or taken to be, interested in the shares in which Mr. C Tang is interested for the purpose of the SFO (60.25% as at the date of this report).

Save as disclosed above, as at 30 June 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the three months ended 30 June 2021.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates (as defined under the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with Group during the three months ended 30 June 2021.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct for securities transactions by the Directors during the three months ended 30 June 2021.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 21 February 2019 ("**Share Option Scheme**") for the primary purpose of providing incentives to eligible participants for their contributions to the Group. Under the Share Option Scheme, the Directors may grant options to employees (fulltime and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. A nominal consideration of HK\$1 is payable by the grantee on acceptance of the grant of an option. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The maximum number of the shares that may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of all the 500,000,000 shares in issue. The Company may seek approval of the shareholders in a general meeting to refresh the 10% limit provided that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the number of shares in issue as at the date of approval of the limit.

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the 1% limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in a general meeting of the Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be further granted must be fixed before the approval of the shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under the GEM Listing Rules.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted (i.e. 21 February 2019).



OTHER INFORMATION

For the three months ended 30 June 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the three months ended 30 June 2021 and up to the date of this report.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Lee Koon Tak (the chairman of the Audit Committee), Mr. Lai Man Hin and Mr. Ho Lai Chuen, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group in preparation of this report and the first quarterly results announcement of the Group for the three months ended 30 June 2021. The condensed consolidated financial results for three months ended 30 June 2021 are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Tasty Concepts Holding Limited
Tang Chun Ho Chandler
Executive Director

Hong Kong, 6 August 2021

As at the date of this report, the Board comprises Mr. Tang Chun Ho Chandler and Mr. Tang Hing Chee as executive Directors; and Mr. Lai Man Hin, Mr. Ho Lai Chuen and Mr. Lee Koon Tak as independent non-executive Directors.