

# 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

2020/2021

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

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*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.*

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## FINANCIAL HIGHLIGHTS

- The Group's revenue for the three months ended 30 June 2020 was approximately HK\$13.0 million, representing a decrease of approximately 44.5% when compared with that of the corresponding period in 2019.
- Profit for the three months ended 30 June 2020 was approximately HK\$0.3 million, when compared with that of a loss for the corresponding period in year 2019 of approximately HK\$1.5 million.
- The Board did not recommend payment of any dividend for the three months ended 30 June 2020 (2019: Nil).

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

For the three months ended 30 June 2020

	Notes	For the three months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	<b>12,960</b>	23,372
Cost of inventories		<b>(2,492)</b>	(5,412)
Other income	5	<b>2,610</b>	43
Other gains and losses	5	<b>53</b>	(7)
Staff costs		<b>(5,555)</b>	(8,811)
Rental and related expenses		<b>(831)</b>	(1,321)
Depreciation and amortisation		<b>(2,320)</b>	(4,592)
Other expenses		<b>(3,734)</b>	(4,203)
Finance costs	6	<b>(359)</b>	(345)
Profit (loss) before taxation		<b>332</b>	(1,276)
Taxation	8	<b>8</b>	(198)
Profit (loss) for the period		<b>340</b>	(1,474)
<b>Other comprehensive income for the period</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on the translation of foreign operations		<b>6</b>	64
Total comprehensive income (expense) for the period		<b>346</b>	(1,410)
Earnings (loss) per share			
Basic (HK cents)	10	<b>0.07</b>	(0.29)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	5,000	64,646	9,107	109	(90)	12,395	91,167
Loss for the period	—	—	—	—	—	(1,474)	(1,474)
Other comprehensive income for the period	—	—	—	—	64	—	64
Total comprehensive income (expense) for the period	—	—	—	—	64	(1,474)	(1,410)
At 30 June 2019 (unaudited)	5,000	64,646	9,107	109	(26)	10,921	89,757
At 1 April 2020 (audited)	<b>5,000</b>	<b>64,646</b>	<b>9,107</b>	<b>26</b>	<b>5</b>	<b>(43,958)</b>	<b>34,826</b>
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)	<b>5,000</b>	<b>64,646</b>	<b>9,107</b>	<b>26</b>	<b>11</b>	<b>(43,618)</b>	<b>35,172</b>

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 2020*

## 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 "**Listing**"). 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 Clifton House, 75 Fort Street, 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 and the PRC.

Pursuant to a group reorganisation to rationalise the structure of the Group in preparation for the Listing (the "**Reorganisation**"), the Company became the holding company of the Group since 21 February 2019. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 27 February 2019 (the "**Prospectus**").

The unaudited condensed consolidated financial statements for the three months ended 30 June 2020 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 2020 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 2020.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2020 are consistent with those used in the Group's annual financial statements for the year ended 31 March 2020 except as described below.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

### 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 2020. 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.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revise Conceptual Framework for Financial Reporting

#### NEW AND AMENDMENTS TO HKFRSs EARLY ADOPTED BY THE GROUP

The Group has early adopted the following amendments to HKFRS, which is relevant to its operations.

Amendments to HKFRS 16	COVID-19-related rent concessions
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Amendments to HKFRS 16 “COVID-19-related rent concessions” allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- 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 lease 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 if the changes were not lease modifications. 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.

#### 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

## 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Recognised at a point in time:		
Operation of restaurants in Hong Kong	12,169	18,796
Operation of restaurants in the PRC	662	3,247
Sales of food and related products to a franchisee	—	1,059
Recognised over time:		
Royalty fee income from franchisees (Note i)	38	270
License fee income from a licensee (Note ii)	14	—
Consultancy fee income from a franchisee (Note iii)	77	—
	<b>12,960</b>	<b>23,372</b>

## 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 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 is under 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 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 is 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.

Consultancy fee 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 number of restaurants operated by the franchisee under the trademark. Consultancy service fee income is due on a quarterly basis.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

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

#### Segment information

The Group is principally engaged in operation of Japanese ramen restaurants in Hong Kong and the PRC. This operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. The executive directors of the Company 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 and the PRC. 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong	12,183	18,796
The PRC	762	3,247
Macau Special Administrative Region of the People's Republic of China ("Macau") (Note)	15	1,329
	<b>12,960</b>	23,372

Note: 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 2020

## 5. OTHER INCOME/OTHER GAINS AND LOSSES

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<u>Other income:</u>		
Rental concession	1,482	—
Government grant (Note)	1,080	—
Imputed interest income	47	11
Bank interest income	1	20
Others	—	12
	<b>2,610</b>	43
<u>Other gains and losses:</u>		
Net exchange losses	—	(7)
Gain on disposal of a motor vehicle	53	—

Note: Government grant represents subsidy 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interests on lease liabilities	330	306
Interests on bank borrowings	29	39
	<b>359</b>	345

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

### 7. PROFIT (LOSS) BEFORE TAXATION

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Auditor's remuneration	141	237
Directors' remuneration	584	545
Other staff costs:		
– salaries, bonuses and allowances	4,748	7,811
– retirement benefits schemes contributions	223	455
<b>Total staff costs</b>	<b>5,555</b>	<b>8,811</b>
Depreciation of property and equipment	377	1,756
Depreciation of right-of-use assets	1,937	2,830
Amortisation of intangible assets	6	6
	<b>2,320</b>	<b>4,592</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

### 8. TAXATION

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The taxation comprises:		
Hong Kong Profits Tax charge for the period	124	184
PRC Enterprise Income Tax ("EIT") charge for the period	—	34
Deferred tax credit	(132)	(20)
	<b>(8)</b>	198

For the three months ended 30 June 2019 and 2020, 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%.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the three months ended 30 June 2019 and 2020.

### 9. DIVIDENDS

The board of Directors (the "Board") did not recommend the payment of any dividend for the three months ended 30 June 2020 (2019: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

### 10. EARNINGS (LOSS) PER SHARE

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

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Profit (loss)</b>		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	<b>340</b>	(1,474)

	For the three months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>500,000,000</b>	500,000,000

No separate diluted earnings (loss) per share information has been presented as there were no potential ordinary shares in issue for the three months ended 30 June 2019 and 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the three months ended 30 June 2020 and up to the date of this report, the Group has been principally engaged in operating ramen restaurants in Hong Kong and the PRC, 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 fee 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 2020 and up to the date of this report, the Group operated 9 ramen restaurants in Hong Kong and the PRC.

### FINANCIAL REVIEW

#### REVENUE

The revenue of the Group decreased by approximately 44.5% from approximately HK\$23.4 million for the three months ended 30 June 2019 to approximately HK\$13.0 million for the three months ended 30 June 2020. The drop is mainly attributed to the outbreak of the coronavirus disease 2019 ("COVID-19") since the late of year 2019, which has been severely weakening consumers' spending sentiment, and meanwhile, various measures implemented by the Hong Kong Government directly related to the catering business, such as limiting the maximum restaurant's seating capacity, keeping distances from each table of at least 1.5 metre and restrictions on number of customers per table, leading to the significant decline in number of customers visited and forming rigorous challenges to the catering industry.

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	<b>12,183</b>	18,796
The PRC	<b>762</b>	3,247
Maca u (Note)	<b>15</b>	1,329
	<b>12,960</b>	23,372

Note: 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.

### COST OF INVENTORIES

Cost of inventories decreased by approximately HK\$2.9 million, or approximately 54.0%, from approximately HK\$5.4 million for the three months ended 30 June 2019 to approximately HK\$2.5 million for the three months ended 30 June 2020. The cost of inventories sold amounted to approximately 23.2% and 19.2% of the Group's total revenue for the three months ended 30 June 2019 and 2020, respectively. The ratio decreased as compared to corresponding period in year 2019, which is mainly attributed to various cost control measures on procurement adopted by the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OTHER INCOME

Other income mainly comprised of subsidy granted by the Hong Kong Government, rental concession received, imputed interest income, bank interest income and other miscellaneous income. The increase in amount of approximately HK\$2.6 million was mainly attributed to the subsidy received from the Hong Kong Government under the “Anti-epidemic Fund” amounted to approximately HK\$1.1 million as well as the offer of rental concession received from the landlords amounted to approximately HK\$1.5 million due to the outbreak of COVID-19 during the three months ended 30 June 2020 (2019: Nil and Nil).

### OTHER GAINS AND LOSSES

Other gains and losses mainly represented the net exchange loss and gain on disposal of a motor vehicle for the three months ended 30 June 2019 and 2020, respectively.

### STAFF COSTS

Staff costs decreased by approximately 37.0% from approximately HK\$8.8 million for the three months ended 30 June 2019 to approximately HK\$5.6 million for the three months ended 30 June 2020, which was mainly attributable to the arrangement of leaves for employees to facilitate variation of restaurants’ operation hours caused by the COVID-19 and other related human resources measures implemented. Staff costs were the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to approximately 37.7% for the three months ended 30 June 2019 and approximately 42.9% for the three months ended 30 June 2020.

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 maintaining the quality and consistency of the Group’s services as well as the brand reputation.

### RENTAL AND RELATED EXPENSES

Rental and related expenses for the three months ended 30 June 2020 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 from the lease commencement date or of the date of initial application of HKFRS 16, i.e. 1 April 2019. The rental and related expenses decreased by approximately HK\$0.5 million or 37.1% for the three months ended 30 June 2020 compared to corresponding period in year 2019, which was mainly because the contingent rents with reference to the revenue generated by the restaurants decreased as well as the expiration of leases with lease term ends within twelve months since 1 April 2019 (initial application date of HKFRS 16) and presented as “depreciation of right-of-use assets” in accordance to HKFRS 16 since the renewal of the leases, if any.

### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the three months ended 30 June 2020 represents depreciation charge for (i) leasehold improvements, (ii) fixtures and equipment, (iii) motor vehicle, (iv) amortisation of intangible assets and (v) depreciation of right-of-use assets of the Group. For the three months ended 30 June 2020, the Group has recorded depreciation of right-of-use assets amounted to approximately HK\$1.9 million (2019: approximately HK\$2.8 million) and depreciation charges for property and equipment and amortisation expenses of intangible assets amounted to approximately HK\$0.4 million (2019: approximately HK\$1.8 million). The decrease of depreciation and amortisation expenses amounted to approximately HK\$2.3 million or 49.5% owing to the impairment losses recognised for certain of the Group’s property and equipment, right-of-use assets and intangible assets as at 31 March 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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\$4.2 million to approximately HK\$3.7 million from the three months ended 30 June 2019 to 2020, representing a decrease of approximately 11.2%. The decrease was mainly attributed to variable operating expenses decreased following with the drop in revenue as well as various cost control measures implemented by the Group.

### FINANCE COSTS

Finance costs for the three months ended 30 June 2020 represents (i) interests on bank borrowings amounted to approximately HK\$29,000 (2019: approximately HK\$39,000) and (ii) interests on lease liabilities amounted to approximately HK\$0.3 million (2019: HK\$0.3 million).

### TAXATION

Income tax credits amounted to approximately HK\$8,000 for the three months ended 30 June 2020 (2019: income tax expenses approximately HK\$0.2 million), 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.

### PROFIT (LOSS) FOR THE PERIOD

The Group recorded a profit of approximately HK\$0.3 million for the three months ended 30 June 2020, whereas a loss of approximately HK\$1.5 million for corresponding period in year 2019, which was primarily due to (i) the effectiveness of various cost control measures implemented by the Group, (ii) subsidy received by the Group from the “Anti-epidemic Fund” from the Hong Kong Government, (iii) rental concession received from landlords and (iv) decrease in the number of underperformed restaurants by closing down or by way of receiving royalty and consultancy fee income from franchisee instead of by direct operation.

### 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.

Following the outbreak of COVID-19 since the late of year 2019, a series of precautionary and control measures have been and continued to be implemented over the world, among which mostly related to the Group’s operation, including maintaining social distancing, restrictions on number of group gathering at catering business, controls over tourists and the emphasis of hygiene requirements. Furthermore, dine-in services in restaurants for certain specific timeslots were even prohibited since mid of July 2020 with uncertain time frame of the implementation for such measure.

In this regards, the Group had promptly implemented various measures, such as providing the hand sanitizer, temperature measure at the entry, actively negotiating with landlords for rental concessions, arrangement of leaves for employees, developing pick-up and delivery services and adjusting operating hours for each restaurant.

## MANAGEMENT DISCUSSION AND ANALYSIS

Given considered the gloomy prospect of the business environment in catering industry caused by the outbreak of COVID-19, the management will keep on monitoring the market development and to react in a timely basis. Besides, the management would be continuously adopting various cost control and cut-loss measures in order to maintain the competitiveness and profitability. During the financial year 2020, certain loss making restaurants were closed and the management have been actively exploring possible corporations with franchisees to switch the income model to receiving royalty and consultancy income instead of by direct operation of the restaurants in the PRC, which is considered as cutting cost and better allocating resources in pursuing other business opportunities.

Besides, the Group also cooperated with certain independent online delivery platforms in Hong Kong since late of March 2020 to provide delivery services to facilitate the customers to enjoy our ramen at home without worry about the risk of cross infection caused by dining in the restaurants.

Moreover, the management would keep on evaluating the appropriateness of the timing and selection of locations for the business expansion, of which the expected opening date of the new restaurant located in Nam Chong has been postponed to late of August 2020.

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 2020, 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% of the issued share capital of the Company in which Brilliant Trade is interested in.*

Save as disclosed above, as at 30 June 2020, 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 2020, the following person/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 interests 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	Beneficial owner	341,250,000	68.25%
Ms. Tai Shiu Bun Mariana (Note 1)	Interest of spouse	341,250,000	68.25%
Ms. Lee Wai Yu Giselle (Note 2)	Interest of spouse	341,250,000	68.25%

Notes:

- (1) 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.
- (2) 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.

Save as disclosed above, as at 30 June 2020, 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 interests 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 2020.

## OTHER INFORMATION

### 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 2020.

### 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 2020.

### SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 February 2019 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Further details of the Share Option Scheme are set in the section headed "E. Share Option Scheme" in Appendix IV to the Prospectus.

For the three months ended 30 June 2020, 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.

## OTHER INFORMATION

### 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 2020 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 2020. The condensed consolidated financial results for three months ended 30 June 2020 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, 7 August 2020

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