TASTY CONCEPTS HOLDING LIMITED
賞之味控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8096)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

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.

*This announcement, for which the directors (the "**Director(s)**") of Tasty Concepts Holding Limited (the "**Company**" and 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 of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINAL RESULTS

The board of Directors (the "**Board**") of the Company hereby announces the consolidated results of the Group for the year ended 31 March 2020, together with the comparative figures for the year ended 31 March 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	Year ended 31 March 2020 HK$'000	 2019 HK$'000
Revenue	4	**81,075**	108,673
Cost of inventories		**(18,229)**	(22,586)
Other income	5	**881**	123
Other gains and losses	5	**311**	(12)
Staff costs		**(34,019)**	(31,326)
Rental and related expenses		**(5,778)**	(19,804)
Depreciation and amortisation		**(24,530)**	(6,059)
Other expenses		**(22,009)**	(14,139)
Impairment losses	6	**(32,488)**	—
Loss on disposal of a subsidiary	14	**(449)**	—
Listing expenses		**—**	(23,500)
Finance costs	7	**(1,381)**	(171)
Loss before taxation	8	**(56,616)**	(8,801)
Taxation	9	**180**	(2,472)
Loss for the year		**(56,436)**	(11,273)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		**(232)**	(323)
Total comprehensive expense for the year		**(56,668)**	(11,596)
Loss for the year attributable to:			
Owners of the Company		**(56,436)**	(12,261)
Non-controlling interests		**—**	988
		(56,436)	(11,273)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(56,668)**	(12,573)
Non-controlling interests		**—**	977
		(56,668)	(11,596)
Loss per share			
Basic (HK cents)	11	**(11.29)**	(3.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	NOTES	As at 31 March 2020 HK$'000	2019 HK$'000
Non-current assets			
Property and equipment		**6,907**	13,880
Right-of-use assets		**11,752**	—
Intangible assets		**23**	47
Deposits	12	**4,762**	3,558
Deferred tax assets		**1,608**	1,150
		25,052	18,635
Current assets			
Inventories		**1,294**	1,657
Trade and other receivables, deposits and prepayments	12	**5,609**	5,503
Tax recoverable		**2,529**	665
Bank balances and cash		**37,733**	84,535
		47,165	92,360
Current liabilities			
Trade and other payables and accruals	13	**6,679**	15,251
Tax payable		**—**	927
Bank borrowings		**2,638**	3,395
Lease liabilities		**15,184**	—
		24,501	19,573
Net current assets		**22,664**	72,787
Total assets less current liabilities		**47,716**	91,422
Non-current liabilities			
Lease liabilities		**12,480**	—
Provisions		**380**	255
Deferred tax liabilities		**30**	—
		12,890	255
Net assets		**34,826**	91,167
Capital and reserves			
Share capital		**5,000**	5,000
Reserves		**29,826**	86,167
Total equity		**34,826**	91,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 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 ("**BVI**"), 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 People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Before the group reorganisation as stated below, the group entities are wholly-owned by Butao Ramen Limited ("**Butao Ramen**"), a limited liability company incorporated in Hong Kong and Butao Ramen was then owned by Brilliant Trade.

In preparation of the Listing, the companies comprising the Group underwent a group reorganisation ("**Reorganisation**") as described below.

(i) On 14 June 2018, Butao Global Limited ("**Butao Global**") was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 ordinary shares at a par value of United States Dollar ("**USD**") 1 each. On the same day, 9,090 shares of Butao Global were allotted and issued to Brilliant Trade.

(ii) On 27 June 2018, Butao Global acquired entire equity interests of Butao Ramen from Brilliant Trade in consideration of issuing 10 shares of Butao Global to Brilliant Trade. Upon the completion of the transfer, Butao Ramen is the wholly-owned subsidiary of Butao Global.

(iii) On 3 July 2018, a pre-IPO investor ("**Pre-IPO Investor**"), who is an independent third party, subscribed for 900 new shares of Butao Global for a cash consideration of HK$6,000,000. Upon the completion of the subscription, Brilliant Trade and the Pre-IPO Investor hold equity interest of Butao Global amounting to 91% and 9%, respectively.

(iv) On 23 July 2018, the Company was incorporated in the Cayman Islands as a limited liability company with an authorised share capital of 1,000,000 ordinary shares at a par value of HK$0.01 each. On the same date, 1 share of the Company was allotted and issued to the first subscriber, who is an independent third party, and then transferred to Brilliant Trade at par in cash.

(v) On 21 February 2019, the Company acquired 91% and 9% equity interests of Butao Global from Brilliant Trade and the Pre-IPO Investor in consideration of issuing 9,099 and 900 shares of the Company to Brilliant Trade and Pre-IPO Investor, respectively. Upon the completion of the transfer, Butao Global is the wholly-owned subsidiary of the Company.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group since 21 February 2019 by interspersing the Company and Butao Global between Brilliant Trade and Butao Ramen. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 March 2019 had been prepared as if the current group structure had been in existence throughout the year, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group where applicable.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements in the annual report of the Company to be issued for the year ended 31 March 2020 ("**Annual Report**").

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by the relevant group entities ranges from 3.55 to 4.18%.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	22,120
Less: Recognition exemption – short-term leases or leases with low-value underlying assets	(2,029)
Lease liabilities relating to operating lease recognised upon application of HKFRS 16 and as at 1 April 2019	20,091
Lease liabilities discounted at relevant incremental borrowing rates	18,734
Analysed as:	
Current	10,079
Non-current	8,655
	18,734

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	NOTES	Right-of-use assets HK$'000
Right-of-use assets relating to operating lease recognised upon application of HKFRS 16		18,734
Restoration and reinstatement costs	(a)	155
Adjustments on rental deposits at 1 April 2019	(b)	140
Less: Accrued lease liabilities (net of prepayment) relating to rent free period as at 1 April 2019	(c)	(1,379)
		17,650

NOTES:

(a) In relation to the leases of restaurants, office premises and kitchen that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property and equipment amounting to HK$72,000 as at 1 April 2019 were included as right-of-use assets. In addition, the Group recognised HK$83,000 right-of-use assets and provisions for which no reinstatement cost had been previously provided.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under deposits and other receivables. Based on the definition of lease payment under HKFRS 16, such deposits are not payment relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$140,000 was adjusted to right-of-use assets from refundable deposit paid.

(c) Rent free period

These relate to accrued lease liabilities and prepayment for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities and receivables under trade and other payables and trade and other receivable as at 1 April 2019 was adjusted to right-of-use assets at transition.

The initial application of HKFRS 16 as a lessor has no material impact on the Group's consolidated financial position as at 1 April 2019 and its consolidated statement of profit or loss and other comprehensive income and statements of cash flow for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	**HK$'000**	**HK$'000**
Non-current assets			
Property and equipment	13,880	(72)	13,808
Right-of-use assets	—	17,650	17,650
Deposits	3,558	(140)	3,418
Current asset			
Other receivables deposits and prepayment	4,488	(212)	4,276
Current liabilities			
Other payables and accruals	12,964	(1,591)	11,373
Lease liabilities	—	10,079	10,079
Provisions	255	83	338
Non-current liability			
Lease liabilities	—	8,655	8,655

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

Amendment to HKFRS early adopted by the Group

The Group has early adopted the following amendment to HKFRS, which are relevant to its operations.

Amendments to HKFRS 16	COVID-19-related rent concessions

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;
- 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 amendements to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]

Amendments to HKFRS 9, HKAS 39 And HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2020.

[5] Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements in the Annual Report.

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 year.

	Year ended 31 March	
	2020	2019
	HK$'000	**HK$'000**
Recognised at a point in time:		
Operation of restaurants in Hong Kong	**66,981**	85,053
Operation of restaurants in the PRC	**8,880**	17,724
Sales of food and related products to a franchisee	**4,080**	4,770
Recognised over time:		
Royalty fee income from franchisees *(note i)*	**1,006**	1,086
License fee income from a licensee *(note ii)*	**28**	40
Consultancy fee income from a franchisee	**100**	—
	81,075	108,673

Notes:

(i) Royalty fee income is calculated with reference to the revenue or the number of the restaurants run by the franchisees for terms 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.

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 is presented based on the location of the customers. Information about its non-current assets by geographical location of assets is detailed below:

			Non-current assets (note ii)	
	Year ended 31 March		**As at 31 March**	
	2020	**2019**	**2020**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Hong Kong	**67,009**	85,093	**23,040**	12,272
The PRC	**9,006**	17,724	**404**	5,213
Macau Special Administrative Region of the People's Republic of China ("**Macau**") *(note i)*	**5,060**	5,856	**—**	—
	81,075	108,673	**23,444**	17,485

Notes:

(i) 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.

(ii) Non-current assets excluded deferred tax assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue for both years.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Other income:		
Rental concession	**574**	—
Imputed interest income	**161**	—
Bank interest income	**48**	57
Others	**98**	66
	881	123
Other gains and losses:		
Gain on termination of lease contracts	**305**	—
Net exchanges gains (losses)	**6**	(12)
	311	(12)

6. IMPAIRMENT LOSSES

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Impairment losses, (net of reversal) on:		
– property and equipment	**13,680**	—
– right-of-use assets	**14,766**	—
– intangible assets	**4,042**	—
	32,488	—

During the year ended 31 March 2020, as certain restaurants in Hong Kong and the PRC underperformed and incurred losses, the management of the Group concluded there was an indication for impairment and conducted impairment assessment on recoverable amounts of property and equipment, right-of-use assets and intangible assets regarding franchise rights of relevant restaurants. The Group estimated the recoverable amount of these restaurants, each represents an individual Cash Generating Unit ("**CGU**"), to which the asset belongs when it is not possible to estimate the recoverable amount individually. Accordingly, a total recoverable amount of HK$11,713,000 was estimated and in which certain CGUs would not generate net cash flow. As the recoverable amount of certain CGUs are lower than the respective carrying amounts of property and equipment, right-of-use assets and intangible assets, a total impairment loss of HK$13,680,000, HK$14,766,000 and HK$4,042,000 were recognised in the consolidated income statement for the year ended 31 March 2020 so arising from these CGU, respectively.

The recoverable amount of the CGUs are determined based on a value in use calculation covering a 5-year period. The revenue growth rates during the 5-year period range from 10-15% which is based on the management's estimation regarding service capacity and existing table turnover rate of respective restaurants. Cash flows beyond the 5-year period are extrapolated using a steady 2.3% growth rate and the cash flows are discounted using a discount rate of 17.8%. The discount rate used is pre-tax and reflects specific risks relating to the CGUs. Other key assumptions for the value in use calculation relate to the estimations of cash inflows/outflows which include gross margin and operating expenses, such estimations are based on the CGUs' past performance and management's expectations for the market development.

7. FINANCE COSTS

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Interests on lease liabilities	**1,241**	—
Interests on bank borrowings	**140**	171
	1,381	171

8. LOSS BEFORE TAXATION

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**520**	950
Directors' remuneration	**3,471**	1,038
Other staff costs:		
– salaries, bonuses and allowances	**28,869**	28,383
– retirement benefits schemes contributions	**1,679**	1,905
Total staff costs	**34,019**	31,326
Depreciation of property and equipment	**7,928**	6,035
Depreciation of right-of-use assets	**16,420**	—
Amortisation of intangible assets	**182**	24
Loss on written-off of property and equipment	**388**	—

9. TAXATION

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
The taxation comprises:		
Hong Kong Profits Tax:		
Charge for the year	**190**	2,637
Under (over) provision in prior years	**58**	(83)
	248	2,554
Deferred tax credit	**(428)**	(82)
	(180)	2,472

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

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 year ended 31 March 2020 and 2019, 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. 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% during both years.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020 nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the Owners of the Company is based on the following data:

	Year ended 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Loss		
Loss for the year attributable to the Owners of the Company for the purpose of basic loss per share	**(56,436)**	(12,261)

	2020	**2019**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**500,000,000**	380,821,918

For the year ended 31 March 2019, the weighted average number of ordinary shares for the purpose of calculating loss earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2017.

No separate diluted loss per share information has been presented as there were no potential ordinary shares in issue for both years.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Trade receivables from restaurant operations	**300**	526
Trade receivables from franchisees	**215**	483
Trade receivables from a licensee	**28**	6
Rental deposits	**6,147**	5,518
Utilities and other deposits	**1,286**	1,132
Deposits paid for acquisition of property and equipment	**397**	—
Other receivables	**1,141**	422
Prepayments	**857**	974
Total trade and other receivables, deposits and prepayments	**10,371**	9,061
Analysed for reporting purposes as:		
Non-current assets	**4,762**	3,558
Current assets	**5,609**	5,503
	10,371	9,061

There was no credit period granted to individual customers for the restaurant operations.

The Group's trading terms with its customers are mainly by cash, electronic or mobile payments. Electronic or mobile payments will normally be settled within 7 days to 21 days after trade date. Trade receivables also include royalty fee and consultancy fee income and sales income receivables from franchisees and license fee income receivable from a licensee with credit periods up to 30 - 90 days.

An ageing analysis of the trade receivables from restaurant operations, based on the invoice date, which approximate the revenue recognition date, is as follows:

	As at 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
0 - 30 days	**300**	526

An ageing analysis of the trade receivables from the franchisees, based on the invoice date, which approximate the revenue recognition date, is as follows:

	As at 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
0 - 30 days	**120**	470
31 - 60 days	**31**	1
61 - 90 days	**31**	—
Over 90 days	**33**	12
	215	483

As at 31 March 2020, trade receivables from the franchisees with aggregate carrying amount of HK$95,000 (2019: HK$13,000) were past due more than 30 days but less than 90 days. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information of the franchisee, the directors of the Company do not consider credit risks have increased significantly as the franchisees have a good business relationship with the Group and recurring overdue records of the franchisees with satisfactory settlement history.

The ageing analysis of the trade receivables from a licensee, based on the invoice date, which approximate the revenue recognition date, is either within the banding of 0 - 30 days or 31 - 60 days as at 31 March 2020 and 2019.

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
Trade payables	**893**	2,287
Salary payables	**928**	1,919
Effective rent payable and accrued rent	**—**	1,671
Accrual for listing expenses	**—**	6,257
Construction fee payable	**1,048**	—
Other payables and accruals	**3,810**	3,117
	6,679	15,251

The credit period on purchases is ranging from 0 - 30 days. An ageing analysis of the trade payables, based on the invoice date, is as follows:

	As at 31 March	
	2020	**2019**
	HK$'000	**HK$'000**
0 - 30 days	**893**	2,269
31 - 60 days	**—**	18
	893	2,287

14. DISPOSAL OF A SUBSIDIARY

On 19 November 2019, Butao China Limited ("**Butao China**"), an indirect wholly-owned subsidiary of the Company, entered a co-operation agreement (the "**Agreement**") with Shanghai Yingshu Asset Management Company Limited* (上海盈屬資產管理有限公司) ("**Shanghai Yingshu**"), an independent third party, pursuant to the Agreement, Butao China, as vendor agreed to sell and the Shanghai Yingshu, as purchaser, agreed to buy 100% of the equity interest in Shangmian (Shanghai) Catering Management Company Limited* (賞面(上海)餐飲管理有限公司) ("**Shangmian (Shanghai)**") at the consideration of RMB300,000 (approximately equivalent to HK$335,000) so as to continue the Japanese ramen business by Shangmian (Shanghai).

The disposal was completed on 15 December 2019 and the Group recognised a loss on disposal of a subsidiary of approximately HK$449,000.

	15 December 2019
	HK$'000
Consideration received	
Cash received	335

	15 December 2019
	HK$'000
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	523
Right-of-use assets	1,375
Trade and other receivables	83
Inventories	33
Bank balances and cash	315
Trade and other payables	(340)
Provisions	(27)
Tax payable	(73)
Lease liabilities	(1,432)
Net assets disposed of	457
Loss on disposal of a subsidiary:	
Consideration received	335
Net assets disposed of	(457)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	(327)
Loss on disposal	(449)
Net cash inflow arising from disposal	
Cash consideration	335
Less: bank balances and cash disposal of	(315)
	20

* *For identification only*

15. EVENT AFTER THE REPORTING PERIOD

Following the outbreak of the coronavirus disease 2019 ("**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.

Subsequent to 31 March 2020 and up to now, the Group's restaurants operation have gradually resumed as the situation in areas whereby the Group operates gradually improve. However, the pandemic had caused certain level of disruption to the Group's restaurants operation and business development plan, which adversely affects the Group's business, operation and financial performance. The Group has been actively implementing various measures including actively communicate with landlords for rental concessions, arrangement of leave for employees, closed down certain restaurants for a temporary period and closely monitoring the market situation and timely adjusting the business strategies in view of the development of the pandemic. Up to the date of this announcement, the Group keep an eye on monitoring the impacts of the COVID-19 outbreak on the Group's ongoing performance and is currently unable to estimate the quantitative impacts to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2020 and up to the date of this announcement, 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 31 March 2020 and up to the date of this announcement, the Group operated 9 ramen restaurants in Hong Kong and the PRC.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 25.4% from approximately HK$108.7 million for the year ended 31 March 2019 to approximately HK$81.1 million for the year ended 31 March 2020. The drop is mainly attributed to the social incident since June 2019 as well as the outbreak of the COVID-19 disease since the late of year 2019, which has been severely weakening consumer's spending sentiment, resulting in a significant decline in customer visited. Moreover, intense competition as well as food safety concerns from the customers in regards to consuming pork related products resulting from the outbreaks of African swine fever during the early half of year 2019 also formed challenges to the Group's business.

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

	Year ended 31 March	
	2020	2019
	HK$'000	**HK$'000**
Hong Kong	**67,009**	85,093
The PRC	**9,006**	17,724
Macau (note)	**5,060**	5,856
	81,075	108,673

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$4.4 million, or approximately 19.3%, from approximately HK$22.6 million for the year ended 31 March 2019 to approximately HK$18.2 million for the year ended 31 March 2020. The cost of inventories sold decreased in line with the drop of the Group's revenue and amounted to approximately 20.8% and 22.5% of the Group's total revenue for the years ended 31 March 2019 and 2020, respectively. The ratio remained relatively stable as compared to that in financial year 2019.

Other income

Other income mainly comprised of rental concession received, imputed interest income, bank interest income and other miscellaneous income. The increase in amount of approximately HK$0.8 million was mainly attributed to the offer of rental concession received from the landlords due to the outbreak of COVID-19 during the year ended 31 March 2020 amounted to approximately HK$0.6 million (2019: Nil).

Other gains and losses

Other gains and losses mainly represented the gain on termination of lease contracts and the net exchange gains/losses.

Staff costs

The staff costs increased by approximately 8.6% from approximately HK$31.3 million for the year ended 31 March 2019 to approximately HK$34.0 million for the year ended 31 March 2020, which was mainly attributable to the additional manpower employed for the newly operated restaurants. Staff costs were taken up the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to 28.8% for the year ended 31 March 2019 and 42.0% for the year ended 31 March 2020, which is mainly due to an increase in compensation levels of the staffs.

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

Due to the adoption of HKFRS 16 "Leases" effective from the annual periods beginning on 1 April 2019, rental and related expenses decreased significantly by approximately HK$14.0 million or 70.8% for the year ended 31 March 2020 as compared to that in financial year 2019, instead, the Group has recorded depreciation of right-of-use assets amounted to approximately HK$16.4 million for the year ended 31 March 2020 (2019: Nil). Rental and related expenses for the year ended 31 March 2020 represents (i) building management fee, (ii) government rent and rates, (iii) rental for machineries and (iv) 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.

Depreciation and amortisation

Depreciation and amortisation for the year ended 31 March 2020 represents depreciation charge for (i) leasehold improvements, (ii) fixtures and equipment, (iii) amortisation of intangible assets and (iv) depreciation of right-of-use assets of the Group upon initial application of HKFRS 16 for annual period beginning on 1 April 2019. For the year ended 31 March 2020, the Group has recorded depreciation of right-of-use assets amounted to approximately HK$16.4 million (2019: Nil) and depreciation charges for property and equipment and amortisation expenses of intangible assets amounted to approximately HK$8.1 million (2019: approximately HK$6.1 million). The increase of depreciation charges for property and equipment and amortisation expenses amounted to approximately HK$2.1 million or 33.9% owing to additional leasehold improvements acquired for newly opened restaurants and replacement of outmoded machineries and expansion in central kitchen as well as the increased amortisation expenses recognised for the newly acquired intangible assets.

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 increased from approximately HK$14.1 million to approximately HK$22.0 million from year ended 31 March 2019 to 2020, representing an increase of approximately 55.7%. The increase in amount is mainly attributed to the increase in business development costs as well as utilities and consumable expenses resulted from new restaurants commenced business as well as the increase in expenses paid to professional parties after the listing of the Company.

Impairment losses

During the year ended 31 March 2020, certain restaurants of the Group incurred losses, giving rise to indirectors of impairment of property and equipment, right-of-use assets and intangible assets. Impairment losses of approximately HK$13.7 million, HK$14.8 million and HK$4.0 million in respect of property and equipment, right-of-use assets and intangible assets have been recognised during the year ended 31 March 2020 (2019: Nil, Nil and Nil).

Loss on disposal of a subsidiary

During the year ended 31 March 2020, the Group entered into a co-operation agreement with an independent third party to dispose 100% of the equity interest in Shangmian (Shanghai) at the consideration of RMB300,000 (approximately equivalent to HK$335,000), so as to continue the Japanese ramen business operated by Shangmian (Shanghai) under the brand of "Butao" "豚王" (the "**Trademark**") to be granted by the Group with one-time royalty fee charged for each restaurant opened and consultancy fee charged for the technical assistance to be offered by the Group. The disposal was completed on 15 December 2019 and the Group recognised a loss on disposal of a subsidiary of approximately HK$0.4 million.

Listing expenses

For the year ended 31 March 2020, nil listing expenses have been incurred and recognised in profit or loss (2019: approximately HK$23.5 million).

Finance costs

Finance costs for the year ended 31 March 2020 represents (i) interests on bank borrowings amounted to approximately HK$0.1 million (2019: approximately HK$0.2 million) and (ii) interests in lease liabilities recognised upon initial application of HKFRS 16 for the annual period beginning on 1 April 2019 amounted to approximately HK$1.2 million (2019: Nil).

Taxation

Income tax credits amounted to approximately HK$0.2 million for the year ended 31 March 2020 (2019: income tax expenses approximately HK$2.5 million), which is mainly because a loss was recorded for the year ended 31 March 2020 whereas profits were recorded, excluding listing expenses (which is non-deductible expenses for tax purpose), in financial year 2019 as well as the deferred tax credited to profit or loss resulting from the tax impacts on temporary difference between the tax base of property and equipment, intangible assets, net of the right-of-use assets and lease liabilities and their carrying amounts arising from impairment losses recognised and initial application of HKFRS 16 for the year ended 31 March 2020.

Loss for the year

The Group recorded a loss of approximately HK$56.4 million for the year ended 31 March 2020, whereas a loss of approximately HK$11.3 million for the year ended 31 March 2019. The increase in loss was primarily due to the impairment losses on property and equipment, right-of-use assets and intangible assets, the decrease in gross profits, additional professional expenses paid after the listing of the Company and start-up operation cost incurred for new restaurants during the year ended 31 March 2020.

LIQUIDITY AND FINANCIAL RESOURCES, CAPTIAL STRUCTURE AND GEARING RATIO

The Group financed its business with internally generated cash flows, boworrings and the proceeds received from the initial listing of the issued shares on GEM of the Stock Exchange by way of public offer and placing in March 2019. As at 31 March 2020, the Group's bank balances and cash amounting to approximately HK$37.7 million, representing a decrease of approximately HK$46.8 million from approximately HK$84.5 million as at 31 March 2019. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2020, the Group recorded interest-bearing bank borrowings of approximately HK$2.6 million (31 March 2019: approximately HK$3.4 million) and lease obligation of approximately HK$27.7 million (31 March 2019: Nil). The interest-bearing bank borrowings were unsecured, repayable on demand and denominated in Hong Kong dollar and bore variable interest rate at Hong Kong dollar Best Lending Rate minus 0.5% per annum. The Group did not use any financial instrument for hedging purpose.

As at 31 March 2020, the Group's total current assets and current liabilities were approximately HK$47.2 million (31 March 2019: approximately HK$92.4 million) and approximately HK$24.5 million (31 March 2019: approximately HK$19.6 million) respectively. The Group's current ratio, calculated by dividing the total current assets over the total current liabilities, was approximately 1.9 times (31 March 2019: approximately 4.7 times). The Group's gearing ratio, calculated as percentage of bank borrowings to the total equity attributable to owners of the Company, was approximately 7.6% as at 31 March 2020 (31 March 2019: approximately 3.7%).

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

During the year ended 31 March 2020, most of the transactions of the Group were denominated and settled in Hong Kong dollar and Renminbi. The Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of the capital controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes both domestically and internationally, and also from the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against the Hong Kong dollar may have an impact on the Group's results. The Group has currently not implemented any foreign currency hedging policy but the management will closely monitor the exposure and consider hedging against significant foreign exchange exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on the Group's business, financial condition or results of operations.

CHARGE OF ASSETS

As at 31 March 2020, a motor vehicle with carrying amount of approximately HK$2.3 million was acquired under lease arrangement of which the rights to the leased asset are reverted to the lessor in the event of default of lease liabilities by the Group.

DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation. The Board does not recommend the payment of final dividend for the year ended 31 March 2020.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 March 2020, the Group entered into a co-operation agreement with an independent third party to dispose 100% of the equity interest in Shangmian (Shanghai) at the consideration of RMB300,000 (approximately equivalent to HK$335,000), so as to continue the Japanese ramen business operated by Shangmian (Shanghai) under the Trademark to be granted by the Group with one-time royalty fee charged for each restaurant opened and consultancy fee charged for the technical assistance to be offered by the Group. The disposal was completed on 15 December 2019 and the Group recognised a loss on disposal of a subsidiary of approximately HK$0.4 million.

Despite the abovementioned, the Group did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2020.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 4 to the consolidated financial statements of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2020.

COMMITMENT

The details of the Group's commitments as at 31 March 2020 are set out as below:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition, installation and construction in progress of property and equipment contracted for but not provided in the consolidated financial statements	2,250	—

USE OF NET PROCEEDS FROM THE LISTING

The Company successfully listed its shares on GEM of the Stock Exchange on 15 March 2019 (the "**Listing Date**") by way of public offer and placing and the net proceeds from the Listing of the Company were approximately HK$46.1 million (after deducting underwriting fees and related listing expenses). The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the prospectus dated 27 February 2019. An analysis of the utilisation of the net proceeds is set out below:

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Actual amount utilised as at 31 March 2020 HK$'000	Unutilised net proceeds up to 31 March 2020 HK$'000	Notes
Setting up of new outlets in Hong Kong	60.6	27,964	**7,355**	20,609	New outlet located in Nam Cheong is expected to be opened in July 2020. The outlet located in Tseung Kwan O was opened in September 2019. The Group is in the progress to identify and negotiate for suitable locations which match with the expansion business plan for new restaurants. The management would be cautious for selection of location as well as the timing for opening new restaurant by continuously assessing the development of market environment.

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Actual amount utilised as at 31 March 2020 HK$'000	Unutilised net proceeds up to 31 March 2020 HK$'000	Notes
Expansion of existing central kitchen in Hong Kong	20.0	9,229	**4,024**	5,205	Expansion of existing central kitchen by renting extra premises in June 2019. Certain leasehold improvement constructions in central kitchen like expansion of storage areas, upgrading the electrical connection systems were completed and put into production since February 2020, while some other constructions were still under progress as at 31 March 2020, which were expected to be ready for use by September 2020. Additional equipments such as, water filter system, food depositing machine and food transfer pump, were acquired and put into production.
Further enhancement of brand recognition	5.2	2,400	**2,147**	253	Promotion campaigns and other marketing activities launched throughout the financial year of 2020. The Group is in the progress to sort out appropriate social platforms and marketing systems.
Enhancement of operational capability and efficiency	4.4	2,030	**1,648**	382	Upgraded the existing equipments and systems at back office in August 2019. Keep on recruiting potential and capable staffs including, the newly recruited industrial experts/consultants, district managers, human resources assistant to strengthen the operational capability and efficiency.
General working capital	9.8	4,523	**4,523**	—	
	100.0	46,146	**19,697**	26,449	

The Directors will continuously examine the Group's business objective and will change or modify the plans against the changing market conditions to pursuit the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

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.

Given considered the gloomy prospect of the business environment in catering industry caused by the COVID-19 outbreak, the management will keep on monitor the market development and to react in a timely basis. Besides, the management would be continuously evaluating the appropriateness of the timing and selection of locations for the business expansion.

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.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The state of affairs of the Group as at 31 March 2020 are set out in the consolidated statement of financial position of this announcement. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Reorganisation as disclosed in Note 2 to the consolidated financial statements of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2020.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2020, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, 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 (the "**Required Standard of Dealing**"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance during the year ended 31 March 2020.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 21 February 2019. The chairman of the Audit Committee is Mr. Lee Koon Tak, the independent non-executive Director, and other members included Mr. Ho Lai Chuen and Mr. Lai Man Hin, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

SCOPE OF WORK OF D & PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee, which comprises three independent non-executive Directors of the Company, had reviewed the audited consolidated financial statements for the year in conjunction with the Group's auditors, D & PARTNERS CPA LIMITED. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at the annual results for the year ended 31 March 2020.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

For and on behalf of
Tasty Concepts Holding Limited
Tang Hing Chee
Chairman

Hong Kong, 22 June 2020

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Tang Chun Ho Chandler, one non-executive Director, namely Mr. Tang Hing Chee and three independent non-executive Directors, namely Mr. Lai Man Hin, Mr. Ho Lai Chuen and Mr. Lee Koon Tak.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.butaoramen.com.