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 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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 (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 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 2021, together with the comparative figures for the year ended 31 March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

		Year ended 31 March	
	NOTES	2021 HK$'000	2020 HK$'000
Revenue	4	**51,872**	81,075
Cost of inventories		**(12,101)**	(18,229)
Other income	5	**11,019**	881
Other gains and losses	5	**797**	311
Staff costs		**(22,474)**	(34,019)
Rental and related expenses		**(3,836)**	(5,778)
Depreciation and amortisation		**(11,121)**	(24,530)
Other expenses		**(16,447)**	(22,009)
Impairment losses	6	**(9,686)**	(32,488)
Loss on disposal of a subsidiary	14	**—**	(449)
Finance costs	7	**(755)**	(1,381)
Loss before taxation	8	**(12,732)**	(56,616)
Taxation	9	**(652)**	180
Loss for the year		**(13,384)**	(56,436)
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		**(97)**	(232)
Total comprehensive expense for the year		**(13,481)**	(56,668)
Total comprehensive expense for the year attributable to the owners of the Company		**(13,481)**	(56,668)
Loss per share			
Basic and diluted (HK cents)	11	**(2.68)**	(11.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	NOTES	As at 31 March 2021 HK$'000	2020 HK$'000
Non-current assets			
Property and equipment		**3,047**	6,907
Right-of-use assets		**6,055**	11,752
Intangible assets		**—**	23
Deposits	12	**2,207**	4,762
Deferred tax assets		**1,474**	1,608
		12,783	25,052
Current assets			
Inventories		**691**	1,294
Trade and other receivables, deposits and prepayments	12	**7,296**	5,609
Tax recoverable		**2,554**	2,529
Bank balances and cash		**29,141**	37,733
		39,682	47,165
Current liabilities			
Trade and other payables and accruals	13	**6,369**	6,679
Tax payable		**178**	—
Bank borrowings		**1,845**	2,638
Lease liabilities		**12,138**	15,184
Provisions		**520**	—
		21,050	24,501
Net current assets		**18,632**	22,664
Total assets less current liabilities		**31,415**	47,716
Non-current liabilities			
Lease liabilities		**9,460**	12,480
Provisions		**330**	380
Deferred tax liabilities		**280**	30
		10,070	12,890
Net assets		**21,345**	34,826
Capital and reserves			
Share capital		**5,000**	5,000
Reserves		**16,345**	29,826
Total equity		**21,345**	34,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL

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

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

The 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

The consolidated financial statements for the year ended 31 March 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the 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).

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs, including Hong Kong Accounting Standards ("**HKASs**"), issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the 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

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards, the amendments to HKFRSs and the HKASs in the current year 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 these consolidated financial statements.

3.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

3.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

3.3 Impacts on application of amendment to HKFRS 16 Covid-19-Related Rent Concessions

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

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

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

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

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

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

New and amendments 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 and the related Amendments[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020[4]

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 April 2021

4 Effective for annual periods beginning on or after 1 January 2022

5 Effective for annual periods beginning on or after 1 January 2023

6 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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	
	2021	**2020**
	HK$'000	**HK$'000**
Recognised at a point in time:		
Operation of restaurants in Hong Kong	**46,517**	66,981
Operation of restaurants in the People's Republic of China (the "**PRC**")	**1,178**	8,880
Sales of food and related products to franchisees	**3,097**	4,080
Recognised over time:		
Royalty fee income from franchisees *(note i)*	**689**	1,006
License fee income from a licensee *(note ii)*	**36**	28
Consultancy fee income from a franchisee *(note iii)*	**355**	100
	51,872	81,075

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.

(iii) Consultancy fee income is calculated with reference to the number of restaurants run by a franchisee for a term of five years.

Segment information

The Group is principally engaged in operation of Japanese ramen restaurants in Hong Kong. Operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. The executive Directors 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 single operating segment is presented.

Geographical information

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

	Year ended 31 March		Non-current assets *(note iii)* As at 31 March	
	2021	**2020**	**2021**	**2020**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Hong Kong	**46,553**	67,009	**11,309**	23,040
The PRC *(note i)*	**2,209**	9,006	**—**	404
Macau Special Administrative Region of the People's Republic of China ("**Macau**") *(note ii)*	**3,110**	5,060	**—**	—
	51,872	81,075	**11,309**	23,444

Notes:

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

(ii) The revenue is derived from the sales of food and related products to and royalty fee income from a franchisee which is located in Macau.

(iii) 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	
	2021	2020
	HK$'000	HK$'000
Other income:		
Rental concessions	**2,699**	574
Imputed interest income	**188**	161
Bank interest income	**1**	48
Government grants *(note)*	**8,016**	—
Others	**115**	98
	11,019	881
Other gains and losses:		
Gain on termination of lease contracts	**642**	305
Net exchange gains	**8**	6
Gain on disposals of property and equipment	**147**	—
	797	311

Note: Government grants mainly represent subsidies received from the "Anti-epidemic Fund" and "Employment Support Scheme" from The Government of Hong Kong Special Administrative Region (the "**Hong Kong Government**"). There were no unfulfilled conditions and other contingencies attached to the receipt of the grants.

6. IMPAIRMENT LOSSES

	Year ended 31 March	
	2021	**2020**
	HK$'000	**HK$'000**
Impairment losses, (net of reversal) on:		
– property and equipment	**4,562**	13,680
– right-of-use assets	**5,124**	14,766
– intangible assets	**—**	4,042
	9,686	32,488

During the year ended 31 March 2021 and 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$10,449,000 (2020: HK$11,713,000) was estimated and in which certain CGUs would not generate net cash inflow. 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$4,562,000, HK$5,124,000 and nil (2020: approximately 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 2021 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 0%-10.2% (2020: approximately 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 ex-trapolated using a zero growth rate (2020: 2.3%) and the cash flows are discounted using a discount rate of 21.8% (2020: 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	
	2021	2020
	HK$'000	HK$'000
Interests on lease liabilities	**653**	1,241
Interests on bank borrowings	**102**	140
	755	1,381

8. LOSS BEFORE TAXATION

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**520**	520
Directors' remuneration	**4,358**	3,471
Other staff costs:		
– salaries, bonuses and allowances	**17,326**	28,869
– retirement benefits schemes contributions	**790**	1,679
Total staff costs	**22,474**	34,019
Depreciation of property and equipment	**2,650**	7,928
Depreciation of right-of-use assets	**8,448**	16,420
Amortisation of intangible assets	**23**	182
Loss on written-off of property and equipment	**—**	388
Loss on written-off rental deposit paid	**1,121**	—
Provisions for surcharge and penalty for litigation	**520**	—

9. TAXATION

	Year ended 31 March	
	2021	2020
	HK$'000	**HK$'000**
The taxation comprises:		
Hong Kong Profits Tax:		
Charge for the year	**268**	190
Under provision in prior years	**—**	58
	268	248
Deferred tax expense (credit)	**384**	(428)
	652	(180)

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 2021 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. 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 for the year ended 31 March 2021 nor has any dividend been proposed since the end of the reporting period (2020: 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	
	2021	**2020**
	HK$'000	**HK$'000**
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(13,384)**	(56,436)

	2021	**2020**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**500,000,000**	500,000,000

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	
	2021	**2020**
	HK$'000	**HK$'000**
Trade receivables from restaurant operations	**194**	300
Trade receivables from franchisees	**1,254**	215
Trade receivables from a licensee	**42**	28
Rental deposits	**4,349**	6,147
Utilities and other deposits	**1,641**	1,286
Deposits paid for acquisition of property and equipment	**—**	397
Other receivables	**1,118**	1,141
Prepayments	**905**	857
Total trade and other receivables, deposits and prepayments	**9,503**	10,371
Analysed for reporting purposes as:		
Non-current assets	**2,207**	4,762
Current assets	**7,296**	5,609
	9,503	10,371

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 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	
	2021	**2020**
	HK$'000	**HK$'000**
0 - 30 days	**194**	300

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	
	2021	**2020**
	HK$'000	**HK$'000**
0 - 30 days	**926**	120
31 - 60 days	**105**	31
61 - 90 days	**35**	31
Over 90 days	**188**	33
	1,254	215

As at 31 March 2021, trade receivables from the franchisees with aggregate carrying amount of HK$328,000 (2020: HK$95,000) were past due. 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 2021 and 2020.

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2021	**2020**
	HK$'000	**HK$'000**
Trade payables	**1,250**	893
Salary payables	**1,772**	928
Construction fee payable	**—**	1,048
Other payables and accruals	**3,347**	3,810
	6,369	6,679

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	
	2021	**2020**
	HK$'000	**HK$'000**
0 - 30 days	**1,240**	893
31 - 60 days	**2**	—
Over 90 days	**8**	—
	1,250	893

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 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 which, 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
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

TERMINATION OF A TENANCY AGREEMENT UPON EXPIRATION

Fortune City Limited ("**Fortune City**"), an indirect wholly-owned subsidiary of the Company, has been entered into a tenancy agreement with a landlord, an independent third party, in relation to the lease of property located in New Town Plaza (Phase 1), Sha Tin, for more than 7 years, where the Group operates one of its existing restaurants. However, it was confirmed with the landlord that on 22 June 2021, upon the expiration of the tenancy agreement on 31 July 2021, there will be no more renewal of tenancy agreement of the lease pursuant to the landlord's renovation and development of leasing structure located in the shopping mall. Therefore, the Group will cease the operation of the existing restaurant located in this property since then.

With reference to the past operation experience, the current restaurant located at the property has been profitable and accounted for approximately 20.1% of the Group's revenue for the year ended 31 March 2021. Adverse impacts in the Group financial performance might be resulted from the termination of the tenancy agreement and firstly reflected in the Group's second quarterly results for the six months ending 30 September 2021.

In the regards, the management is currently in progress on selecting of locations as well as the timing for opening new restaurants by continuously assessing the development of market environment in order to maximise the returns.

LITIGATIONS

The Group are involved in several claims in relation to rent arrears during the year and certain cases are still active up to the date of this announcement, related estimated financial impacts and provisions of the potential claims have already recorded in the Group's consolidated financial position. The management and the legal advisors of the Company have taken collective effort to resolve these cases. As at the reporting date, the following cases are open and might affect the Group.

Action Number: DCDT4016/2020 and DCCJ30/2021

On 30 October 2020 and 5 January 2021, Fu Tong Investment Company Limited and its agent, Sun Hung Kai Real Estate Agency Limited, claimed against Right Direction International Limited ("**Right Direction**"), an indirect wholly-owned subsidiary of the Company, for the unpaid rent and related expenses of approximately HK$1,351,000 and HK$2,241,000, respectively (the "**Claims**").

By a judgment dated 16 March 2021, the Court ordered that Right Direction to pay the amount as the Claims on 30 October 2020 and 5 January 2021.

The Group had obtained legal advice and recorded sufficient provisions on the Claims during the year ended 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2021 and up to the date of this announcement, the Group has been principally engaged in operating ramen restaurants in Hong Kong, generating revenue from provision of catering services.

Besides, the Group also generates revenue from (i) franchising the own brand to franchisees to operate ramen restaurants in Macau and the PRC and receive royalty fee and consultancy fee income and income from sales of food and accessories products to 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 2021 and up to the date of this announcement, the Group operated 8 and 7 ramen restaurants respectively in Hong Kong.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 36.0% from approximately HK$81.1 million for the year ended 31 March 2020 to approximately HK$51.9 million for the year ended 31 March 2021. 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 metres 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:

	Year ended 31 March	
	2021	**2020**
	HK$'000	**HK$'000**
Hong Kong	**46,553**	67,009
The PRC (Note (i))	**2,209**	9,006
Macau (Note (ii))	**3,110**	5,060
	51,872	81,075

Note:

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

(ii) The revenue is derived from the sales of food and related products to and royalty fee income from a franchisee which is located in Macau.

Cost of inventories

Cost of inventories decreased by approximately 33.6% from approximately HK$18.2 million for the year ended 31 March 2020 to approximately HK$12.1 million for the year ended 31 March 2021. The cost of inventories sold decreased in line with the drop of the Group's revenue and amounted to approximately 22.5% and 23.3% of the Group's total revenue for the year ended 31 March 2020 and 2021, respectively. The ratio remained relatively stable as compared to that in financial year 2020.

Other income

Other income mainly comprised of subsidies granted by the Hong Kong Government, rental concessions received, imputed interest income, bank interest income and other miscellaneous income. The increase in amount of approximately HK$10.1 million was mainly attributed to the subsidies received from the Hong Kong Government under the "Anti-epidemic Fund" and the "Employment Support Scheme" amounted to approximately HK$8.0 million as well as the offer of rental concessions received from the landlords amounted to approximately HK$2.7 million due to the outbreak of COVID-19 during the year ended 31 March 2021 (2020: nil and HK$0.6 million approximately).

Other gains and losses

Other gains and losses mainly represented the gain on termination of lease contracts, net exchange gains and the gain on disposals of the Group's property and equipment for the year ended 31 March 2020 and 2021, respectively.

Staff costs

Staff costs decreased by approximately 33.9% from approximately HK$34.0 million for the year ended 31 March 2020 to approximately HK$22.5 million for the year ended 31 March 2021, 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 42.0% for the year ended 31 March 2020 and approximately 43.3% for the year ended 31 March 2021.

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

Rental and related expenses

Rental and related expenses represent (i) building management fee, (ii) government rent and rates, (iii) rental for machineries, (iv) contingent rents and (v) other leases for which the lease term ends within twelve months or leases of which the underlying assets are of low value. The rental and related expenses decreased by approximately HK$1.9 million or 33.6% from approximately HK$5.8 million for the year ended 31 March 2020 to approximately HK$3.8 million for the year ended 31 March 2021, which was mainly because contingent rents charged by landlords 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 represent 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. For the year ended 31 March 2021, the Group has recorded depreciation of right-of-use assets amounted to approximately HK$8.4 million (2020: approximately HK$16.4 million) and depreciation charges for property and equipment and amortisation expenses of intangible assets amounted to approximately HK$2.7 million (2020: approximately HK$8.1 million). The decrease of depreciation and amortisation expenses amounted to approximately HK$13.4 million or 54.7% 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.

Other expenses

Other expenses mainly consist of water, electricity, gas and other utilities expenses, repair and maintenance fees, audit and professional fees, business and product development expenses, cleaning expenses, handling charges for electronic payment and delivery platforms and motor vehicle and logistics expenses. Other expenses decreased from approximately HK$22.0 million to approximately HK$16.4 million from the year ended 31 March 2020 to 2021, representing a decrease of approximately 25.3%. 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.

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

	Year ended 31 March	
	2021	**2020**
	HK$'000	**HK$'000**
Utilities expenses	**2,217**	3,890
Audit and professional fees	**3,001**	3,788
Advertising and marketing expenses	**576**	2,960
Repair & maintenance fees	**1,240**	1,733
Business and product development	**601**	1,521
Motor vehicle and logistics expenses	**1,136**	1,442
Consumables	**1,056**	1,093
Insurance expenses	**1,001**	1,027
Cleaning expenses	**606**	837
Handling charges for electronic payment and delivery platforms	**1,938**	358
Loss on written-off of property and equipment	**—**	388
Loss on written-off of rental deposit (Note i)	**1,121**	—
Provisions for surcharge and penalty for litigation (Note i)	**520**	—
Others (Note ii)	**1,434**	2,972
	16,447	22,009

Note:

(i) The Group has been involved in several claims in relation to arrears rent during the year ended 31 March 2021, of which corresponding rental deposit paid amounted to approximately HK$1,121,000 is expected not refundable and written-off as a loss recognised during the year ended 31 March 2021 (2020: nil). Moreover, provisions for the estimated surcharge and penalty that might be bored by the Group from the litigations amounted to approximately HK$520,000 was provided and recognised during the year ended 31 March 2021 (2020: nil). The Group had obtained legal advice from the lawyer and it is advised that sufficient provisions have been recorded in relation to corresponding litigations as at 31 March 2021.

(ii) Others include office expenses, sundry expenses and other miscellaneous expenses.

Impairment losses

During the year ended 31 March 2021, certain restaurants of the Group incurred losses, giving rise to indicators of impairment of property and equipment, right-of-use assets and intangible assets. Impairment losses of approximately HK$4.6 million, HK$5.1 million and nil in respect of property and equipment, right-of-use assets and intangible assets have been recognised during the year ended 31 March 2021 (2020: approximately HK$13.7 million, HK$14.8 million and HK$4.0 million).

The details of the recognition of impairment losses on property and equipment, right-of-use assets and intangible assets of the Group for the year ended 31 March 2021 are set out as below:

(i) Analysis on impairment losses on the Group's property and equipment, right-of-use assets and intangible assets

For the year ended 31 March 2021, the Group recognised impairment losses on property and equipment, right-of-use assets and intangible assets amounting to approximately HK$4.6 million, HK$5.1 million and nil respectively (2020: approximately HK$13.7 million, HK$14.8 million and HK$4.0 million), in the view of the underperformance and loss-making of certain restaurants of the Group in Hong Kong, which together represented approximately 72.4% of the Group's net loss for the year ended 31 March 2021 (2020: approximately 57.6%).

Property and equipment of the Group mainly represents leasehold improvements, fixtures and equipment and construction in progress located in Hong Kong for the restaurants, central kitchen and office. During the year ended 31 March 2021, impairment losses on property and equipment amounted to approximately HK$4.6 million (2020: approximately 13.7 million) were recognised, including corporate assets such as leasehold improvement and other fixture and equipment from head office and central kitchen allocated and other assets directly attributed to the loss-making restaurants, representing approximately 31.1% (2020: approximately 66.4%) from the original aggregate carrying amount of the property and equipment as at year-end date before any impairment losses recognised.

Right-of-use assets of the Group mainly represents right-of-use on leased properties in Hong Kong capitalised for the use as restaurants, central kitchen, offices and staff dormitories. During the year ended 31 March 2021, impairment losses on right-of-use assets, including corporate right-of-use assets from the leased properties of head office and central kitchen allocated and other leased properties for the operation of loss-making restaurants amounted to approximately HK$5.1 million (2020: approximately HK$14.8 million) were recognised, representing approximately 28.2% (2020: approximately 55.7%) of the original aggregate carrying amount of the right-of-use assets as at year-end date before any impairment loss recognised.

Intangible assets of the Group mainly represents the exclusive franchise rights obtained from an independent third party for the use of the franchised trademarks, patents, all other intellectual property rights and other necessary assistance for the operation of the franchised restaurants in Hong Kong with a term of 20 years. During the year ended 31 March 2020, intangible assets of the exclusive franchise rights were fully impaired, impairment loss amounted to approximately HK$4.0 million were recognised, representing approximately 100% of the original aggregate carrying amount of the intangible assets before impairment losses recognised. Corresponding allocated corporate assets and property and equipment of the franchised restaurant operated by the Group as at 31 March 2020 amounted to approximately HK$7.0 million were fully impaired and recognised as impairment losses on property and equipment. No further impairment losses or any reversal of impairment losses were recognised in regard to the intangible assets as well as the correlated property and equipment of the franchised restaurant during the year ended 31 March 2021.

(ii) Details of the reasons for the recognition of impairment losses

The on-going COVID-19 pandemic has been attributing huge negative impacts on the global and local economy throughout the year. For the year ended 31 March 2021, the Group's existing restaurants recorded an overall decrease in the number of customers visited by approximately 50.5% when compared to those restaurants operated throughout the whole period in last year. With such decrease in the number of customers, the Group's revenue had been decreased significantly for the year ended 31 March 2021. In order to control the spread of the pandemic, the Hong Kong Government launched several social distancing and anti-epidemic precautionary measures since April 2020, of which some of them are specifically related to the catering business, forming further challenges to the Group's operation. As a result, the management concluded there was an indication for impairment on the Group's assets and conducted impairment assessments on recoverable amounts of property and equipment, right-of use assets and intangible assets of relevant restaurants as at 31 March 2021.

(iii) The method, basis and key assumptions used in determining the amount of the relevant impairment losses

The management performed impairment review of the carrying amounts of the Group's property and equipment, right-of-use assets and intangible assets as at 31 March 2021 in accordance with Hong Kong Accounting Standard 36 "*Impairment of Assets*" ("**HKAS 36**").

HKAS 36 defines impairment loss as the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. Recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. Since there are insufficient comparable transactions in the market as at the year-end date, the management performed impairment review of the carrying amounts of each CGU as at 31 March 2021 according to HKAS 36 by estimating their value in use. The calculation of value in use of the relevant assets subjected to impairment testing are by reference to the present value of the estimated future cash flows expected to derive from the assets ("**Cash Flow Forecasts**").

HKAS 36 required to test the impairment by allocating the carrying amount of assets that can be attributed directly to each CGU or smallest group of CGU to which a portion of that carrying amount could be allocated on a reasonable and consistent basis. Thus, the management prepared the Cash Flows Forecasts by each restaurant (represented smallest CGU identified).

In addition, the management assessed whether there is indication that a corporate asset may be impaired and further allocated relevant corporate assets, such as leasehold improvements, fixture and equipment and right-of-use assets of the central kitchen and head office, to the CGU which they belonged to on a reasonable and consistent basis.

Based on the results of assessments, impairment losses were recognised on the restaurants which generated net cash inflow but recoverable amount is less than the CGU's carrying value; for those restaurants which would not generated a net cash inflow, all the relevant assets including corporate assets allocated have been fully impaired as at 31 March 2021. Impairment loss was recognised and allocated on a systematic basis over the carrying value of assets.

Where an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the CGU in prior years. For the year ended 31 March 2021, there were no reversal of impairment losses recognised after management's assessments.

Cash Flow Forecasts as at 31 March 2021

The value in use calculations of relevant assets covering a 5 year cash flow projection period (Y1 to Y5), cash flows beyond the projection period were projected using a terminated growth rate of 0% (2020: 2.3%) per annum by extrapolating the cash flow projections onwards for restaurants which generated estimated positive net cash inflow.

A table summarised the key inputs, estimates and assumptions adopted in the Cash Flow Forecasts as follows:

For the year ended 31 March 2020:

	Cash Flow Forecasts for the year ended		
	31 March 2021 (Y1)	**31 March 2022 (Y2)**	**31 March 2023 to 2025 (Y3 to Y5)**
Inputs:			
Expected revenue growth rate	10% growth based on actual revenue in March 2020	10% to 15%	15%
Expected gross profit margins range	68.1% to 72.5%	68.1% to 72.5%	68.1% to 72.5%
Corporate tax rate	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong; 25% for subsidiaries incorporated and operating restaurants in the PRC	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong; 25% for subsidiaries incorporated and operating restaurants in the PRC	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong; 25% for subsidiaries incorporated and operating restaurants in the PRC
Discount rate (Weighted average cost of capital (“**WACC**”))	17.8%	17.8%	17.8%

For the year ended 31 March 2021:

	Cash Flow Forecasts for the year ended		
	31 March 2022 (Y1)	**31 March 2023 (Y2)**	**31 March 2024 to 2026 (Y3 to Y5)**
Inputs:			
Expected revenue growth rate	0% - 10.2% growth based on average revenue in financial year 2021 or constant with the actual revenue in April 2021	3%	5% - 9%
Expected gross profit margins range	66.2% to 74.9%	66.2% to 74.9%	66.2% to 74.9%
Corporate tax rate	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong	16.5% for subsidiaries incorporated and operating restaurants in Hong Kong
Discount rate (WACC)	21.8%	21.8%	21.8%

Key assumptions and estimates adopted for the value in use calculation above were determined based on the past performance of each restaurant (the smallest CGU identified), such as service capacity, table turnover rate, as well as management's expectations for the market development.

WACC is adopted as discount rate for the Cash Flow Forecasts with adjustment of tax effect when applying present value techniques in the value in use calculation.

(iv) The assessment of the Board and Audit Committee on the fairness and reasonableness of the impairment losses

The Board and Audit Committee had paid close attention to the impairment assessments conducted by the management, especially considering that the food and beverage industry is facing challenges with global economy instability triggered by the outbreak of COVID-19 as well as different measures implemented for social distancing and restrictions in tourists over the world. In assessing the fairness and reasonableness of the impairment losses, the Board and Audit Committee had performed the followings:

1. ***Reviewed and understood the assumptions, calculation and methodology applied in the Cash Flow Forecasts for the valuation of value in use of each CGU***

   Impairment assessments on the Group's property and equipment, right-of-use assets and intangible assets relies on the estimated value in use of the assets by discounting estimated future cash flows using appropriate discount rates. The Board and Audit Committee had reviewed the Cash Flow Forecasts and understood the assumptions, calculations and valuation methodology to arrive the amount of value in use of each CGU e.g. revenue growth rates, basis for the growth, economic life of assets, reference made by historical performance and market comparable data and critically assessed the fairness and reasonableness of all of the inputs applied in the Cash Flow Forecasts with their own knowledge of the business, the Group's assets, the environment that the Group operates in, and the prospects of the business.

2. ***Assessed if the inputs and assumptions adopted in the Cash Flow Forecasts reflecting the latest business development and economic trends in the industry***

   The Board and Audit Committee had further assessed and confirmed that the inputs or assumptions adopted in the Cash Flow Forecasts had taken into account the latest economic and industrial trends as well as the current market conditions which were reflected in the financial projections and the discount rates. Sensitivity analysis performed for key assumptions were also reviewed by the Board and Audit Committee.

The Board have been continuously keeping track with the trend of the food and beverage industry and keep an eye on monitoring the economic development to ensure better capital management and strategic planning for the Group with the consideration of the risk of impairment on assets.

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.

Finance costs

Finance costs represent (i) interests on lease liabilities amounted to approximately HK$0.7 million (2020: approximately HK$1.2 million) and (ii) interests on bank borrowings amounted to approximately HK$0.1 million (2020: approximately HK$0.1 million).

Taxation

Income tax expenses amounted to approximately HK$0.7 million for the year ended 31 March 2021 (2020: income tax credits approximately HK$0.2 million), which is mainly because income tax expenses charged to profitable restaurants and deferred tax charged to profit or loss resulting from the tax impacts on temporary difference between the tax base of property and equipment, intangible assets, right-of-use assets and their carrying amounts arising from impairment losses recognised for the year ended 31 March 2021.

Loss for the year

The Group recorded a loss of approximately HK$13.4 million for the year ended 31 March 2021 (2020: approximately HK$56.4 million). The decrease in loss was primarily due to (i) the effectiveness of various cost control measure implemented by the Group, (ii) subsidies received by the Group from the "Anti-epidemic Fund" and "Employment Support Scheme" from the Hong Kong Government, (iii) rental concessions received from landlords, (iv) the decrease in impairment losses recognised and (v) closing down underperformed restaurants.

LIQUIDITY AND FINANCIAL RESOURCES, CAPTIAL STRUCTURE AND GEARING RATIO

The Group financed its business with internally generated cash flows, borrowings 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 2021, the Group's bank balances and cash amounting to approximately HK$29.1 million, representing a decrease of approximately HK$8.6 million from approximately HK$37.7 million as at 31 March 2020. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2021, the Group recorded interest-bearing bank borrowings of approximately HK$1.8 million (31 March 2020: approximately HK$2.6 million) and lease obligation of approximately HK$21.6 million (31 March 2020: approximately HK$27.7 million). 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 2021, the Group's total current assets and current liabilities were approximately HK$39.7 million (31 March 2020: approximately HK$47.2 million) and approximately HK$21.1 million (31 March 2020: approximately HK$24.5 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 2020: approximately 1.9 times). The Group's gearing ratio, calculated as percentage of bank borrowings to the total equity attributable to owners of the Company, was approximately 8.6% as at 31 March 2021 (31 March 2020: approximately 7.6%).

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 2021, 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

Except as disclosed elsewhere in this announcement, 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 2021, motor vehicles with carrying amounts of approximately HK$2.2 million (31 March 2020: approximately HK$2.2 million) were acquired under lease arrangements of which the rights to the leased asset are reverted to the lessors in the event of default of lease liabilities by the Group.

EVENT AFTER THE REPORTING PERIOD

On-going COVID-19 pandemic development

Subsequent to 31 March 2021 and up to now, the on-going COVID-19 pandemic had caused certain level of adverse impacts to the Group's business and operation and financial performance. The local COVID-19 pandemic in Hong Kong seems gradually alleviating with the raise of the public epidemic prevention awareness as well as the Vaccination Programme implemented by the Hong Kong Government since the first quarter of year 2021. However, the risk of an explosive community outbreak and a rebound of the epidemic situation remains considerably at a high level.

Up to the date of this announcement, the Group keeps an eye on monitoring the development of the pandemic as well as its impacts on the Group's ongoing performance and is currently unable to estimate the quantitative impacts to the Group.

Termination of a tenancy agreement upon expiration

Fortune City has been entered into a tenancy agreement with a landlord, an independent third party, in relation to the lease of property located in New Town Plaza (Phase 1), Sha Tin, for more than 7 years, where the Group operates one of its existing restaurants. However, it was confirmed with the landlord that on 22 June 2021, upon the expiration of the tenancy agreement on 31 July 2021, there will be no more renewal of tenancy agreement of the lease pursuant to the landlord's renovation and development of leasing structure located in the shopping mall. Therefore, the Group will cease the operation of the existing restaurant located in this property since then.

With reference to the past operation experience, the current restaurant located at the property has been profitable and accounted for approximately 20.1% of the Group's revenue for the year ended 31 March 2021. Adverse impacts in the Group financial performance might be resulted from the termination of the tenancy agreement and firstly reflected in the Group's second quarterly results for the six months ending 30 September 2021.

In the regards, the management is currently in progress on selecting of locations as well as the timing for opening new restaurants by continuously assessing the development of market environment in order to maximise the returns.

Litigations

The Group are involved in several claims in relation to rent arrears during the year and certain cases are still active up to the date of this announcement, related estimated financial impacts and provisions of the potential claims have already recorded in the Group's consolidated financial position. The management and the legal advisors of the Company have taken collective effort to resolve these cases. As at the reporting date, the following cases are open and might affect the Group.

Action Number: DCDT4016/2020 and DCCJ30/2021

On 30 October 2020 and 5 January 2021, Fu Tong Investment Company Limited and its agent, Sun Hung Kai Real Estate Agency Limited, claimed against Right Direction, for the unpaid rent and related expenses of approximately HK$1,351,000 and HK$2,241,000, respectively.

By a judgment dated 16 March 2021, the Court ordered that Right Direction to pay the amount as the Claims on 30 October 2020 and 5 January 2021.

The Group had obtained legal advice and recorded sufficient provisions on the Claims during the year ended 31 March 2021.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (2020: Nil).

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

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2021.

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.

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 2021.

COMMITMENT

The details of the Group's commitments are set out as below:

	As at 31 March	
	2021	**2020**
	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	**1,550**	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 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 of the Company dated 27 February 2019 (the "**Propectus**"). An analysis of the utilisation of the net proceeds is set out below:

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Planned amount utilised as at 31 March 2021 HK$'000	Actual amount utilised as at 31 March 2021 HK$'000	Unutilised net proceeds up to 31 March 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2022 HK$'000	Notes
Setting up of new outlets in Hong Kong	60.6	27,964	**27,964**	**12,853**	15,111	1,130	13,981	The outlet located in Nam Cheong and Tseung Kwan O were opened in August 2020 and September 2019 respectively. The Group is in the progress to identify and negotiate for suitable locations which match with the expansion business plan for new restaurants. Certain level of delay in the business expansion plan was caused by the social incidents during the financial year 2020 and the outbreak of COVID-19 during the financial year 2020 and 2021, which affecting the local economy and the customers visited. Given considered the above, the original business expansion plan for opening the remaining two restaurants as shown in the Prospectus will be postponed for one year and expected to be accomplished by 31 March 2022. 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$'000	Planned amount utilised as at 31 March 2021 HK$'000	Actual amount utilised as at 31 March 2021 HK$'000	Unutilised net proceeds up to 31 March 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2022 HK$'000	Notes
Expansion of existing central kitchen in Hong Kong	20.0	9,229	**9,229**	**7,163**	2,066	2,066	–	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 2021, which were ready for use in June 2021. Additional equipments such as, water filter system, food depositing machine and food transfer pump, were acquired and put into production during the financial year of 2020 and 2021. Certain level of delay in the expansion plan of the central kitchen was caused by the social incidents during the financial year 2020 and the outbreak of COVID-19 during the financial year 2020 and 2021, which affecting the local economy and the customers visited, leading to the excess capacity in the central kitchen and the postponement of its renovation. Construction progress was also affected given the delay in shipment of materials for construction as well as the labours are recommended to be temporarily suspended from work to avoid of social gathering.

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Planned amount utilised as at 31 March 2021 HK$'000	Actual amount utilised as at 31 March 2021 HK$'000	Unutilised net proceeds up to 31 March 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2021 HK$'000	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2022 HK$'000	Notes
Further enhancement of brand recognition	5.2	2,400	**2,400**	**2,147**	253	–	253	Promotion campaigns and other marketing activities launched throughout the financial year of 2020 and 2021. 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	**2,030**	**2,030**	–	–	–	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**	**4,523**	–	–	–	
	100.0	46,146	**46,146**	**28,716**	17,430	3,196	14,234	

Given the social incidents during the financial year 2020 and outbreak of COVID-19 during the financial year 2020 and 2021, certain business expansion plan has been affected and postponed. The Group has been continuously identifying and negotiating for suitable locations which match with the expansion business plan for opening new restaurants and monitoring the status of the construction-in-progress for the renovation of the central kitchen (of which related construction-in-progress was already completed and ready for use in June 2021) as well as to accomplish all planning as shown in the Prospectus.

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. The plan for use of net proceeds detailed above is from time to time being reviewed by the management by reference to the actual economic conditions and the development of the market environment, and in case of any changes in plan subsequently, the Board will make further announcement for explanation immediately.

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.

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

It could be difficult to predict the development of the COVID-19 pandemic, in the long run, the COVID-19 pandemic may continue to have a negative impact to the global and local economy which may adversely affect the Group's business. However, the Group believes that every challenge is an opportunity. The COVID-19 pandemic equipped the management with the flexibility to handle unexpected and unfamiliar situations and enhanced the awareness and responsiveness to the changes in market environment.

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. Meanwhile, we will be endeavoring to enhance the quality of the food and providing excellent services to our customers. As the Group understands that throughout the good times or bad times, quality of food and service matter to our customers.

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2021 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 2021 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 2021.

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 year ended 31 March 2021.

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 2021, 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 2021.

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 2021 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 2021.

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 and Executive Director

Hong Kong, 24 June 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tang Chun Ho Chandler and 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.