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TASTY CONCEPTS HOLDING LIMITED

賞之味控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8096)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Tasty Concepts Holding Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2022. This announcement, containing the full text of the 2022 Third Quarterly Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of quarterly results.

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

Hong Kong, 9 February 2023

As at the date of this announcement, the Board comprises Mr. Tang Chun Ho Chandler and Ms. Sung Kwan Wun as executive Directors; Mr. Ho Lai Chuen, Mr. Lee Koon Tak and Ms. So Siu Ying as independent non-executive Directors.

This announcement, for which the Directors 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 of Hong Kong Limited 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.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited 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.

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THIRD QUARTERLY REPORT

2022/2023

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.

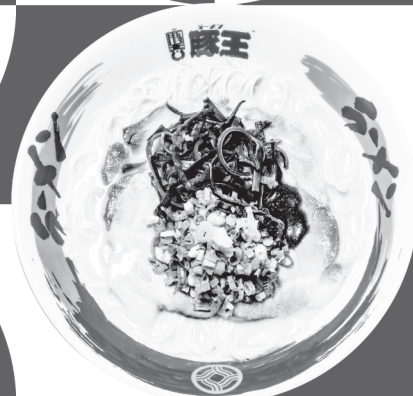
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded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

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

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FINANCIAL HIGHLIGHTS

- The Group's revenue for the nine months ended 31 December 2022 was approximately HK\$29.3 million, representing a decrease of approximately 17.3% when compared with that of the corresponding period in 2021.
- Loss for the nine months ended 31 December 2022 was approximately HK\$6.2 million, representing an increase of approximately 63.8% when compared with that of the corresponding period in 2021.
- The Board did not recommend payment of any dividend for the nine months ended 31 December 2022 (2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2022

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	8,453	10,809	29,346	35,494
Cost of inventories		(2,475)	(2,709)	(7,483)	(8,333)
Other income	5	183	216	1,716	455
Other gains and losses	5	1,209	–	1,178	1
Staff costs		(4,737)	(4,407)	(15,158)	(15,022)
Rental and related expenses		(960)	(378)	(2,253)	(1,921)
Depreciation expenses		(866)	(1,622)	(2,170)	(4,563)
Equity-settled share-based payments		–	–	(2,019)	–
Other expenses		(1,422)	(2,925)	(8,709)	(10,220)
Finance costs	6	(225)	(169)	(524)	(539)
Loss before taxation	7	(840)	(1,185)	(6,076)	(4,648)
Taxation	8	(2)	225	(137)	854
Loss for the period		(842)	(960)	(6,213)	(3,794)
Other comprehensive income (expense) for the period					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on the translation of foreign operations		26	7	(4)	37
Total comprehensive expense for the period		(816)	(953)	(6,217)	(3,757)
Loss for the period attributable to:					
– owners of the Company		(872)	(960)	(6,141)	(3,794)
– non-controlling interests		30	–	(72)	–
		(842)	(960)	(6,213)	(3,794)
Total comprehensive expenses for the period attributable to:					
– owners of the Company		(846)	(953)	(6,145)	(3,757)
– non-controlling interests		30	–	(72)	–
		(816)	(953)	(6,217)	(3,757)
Loss per share			(Restated)		(Restated)
Basic (HK cents)	10	(1.59)	(1.92)	(11.59)	(7.59)
Diluted (HK cents)	10	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000 (Note i)	Share options reserve HK\$'000 (Note ii)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	5,000	64,646	9,107	26	-	(92)	(57,342)	21,345	-	21,345
Loss for the period	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Other comprehensive income for the period	-	-	-	-	-	37	-	37	-	37
Total comprehensive income (expense) for the period	-	-	-	-	-	37	(3,794)	(3,757)	-	(3,757)
At 31 December 2021 (unaudited)	5,000	64,646	9,107	26	-	(55)	(61,136)	17,588	-	17,588
At 1 April 2022 (audited)	5,000	64,646	9,107	26	-	(118)	(71,175)	7,486	(1,969)	5,517
Loss for the period	-	-	-	-	-	-	(6,141)	(6,141)	(72)	(6,213)
Other comprehensive income for the period	-	-	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive income (expense) for the period	-	-	-	-	-	(4)	(6,141)	(6,145)	(72)	(6,217)
Recognition of equity-settled share-based compensation	-	-	-	-	2,019	-	-	2,019	-	2,019
Issue of shares upon exercise of share options	500	5,309	-	-	(2,019)	-	-	3,790	-	3,790
At 31 December 2022 (unaudited)	5,500	69,955	9,107	26	-	(122)	(77,316)	7,150	(2,041)	5,109

Notes:

- (i) In accordance with statutory requirements in the People's Republic of China (the "PRC"), other than Hong Kong, subsidiaries registered in the PRC are required to transfer a certain percentage of the annual net income from accumulated profits to the statutory funds, until the statutory funds are accumulated up to 50% of its registered capital. Under normal circumstances, the statutory funds are not allowed to be distributed to the subsidiaries' shareholders as dividends. The statutory funds shall only be used for offsetting accumulated losses, capitalisation into paid-in capital and expansion of its production and operations.
- (ii) Share options reserve represents the cumulative expenses recognised on the granting of share options to the grantees. Recognition of equity-settled share-based payments spread over the vesting period of the share options or if the case there is no vesting period required, equity-settled share-based payments are fully recognised on the grant date of the share options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 July 2018 under the Companies Act, 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 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 KY-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 and Hong Kong style restaurants in Hong Kong.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 are presented in Hong Kong Dollar (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2022.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2022 except as described below.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs, including Hong Kong Accounting Standards (“**HKASs**”) and Interpretations, issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2022. The adoption of these new and revised HKFRSs in the current period has no material effect on the amounts and/or disclosures reported set out in these unaudited condensed consolidated financial statements.

Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUED BUT NOT YET EFFECTIVE

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

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Recognised at a point in time:				
Operation of restaurants in Hong Kong	7,282	9,520	27,055	31,589
Sales of food and related products	987	1,040	1,793	3,056
Recognised over time:				
Royalty fee income from franchisees (Note i)	178	197	483	693
License fee income from a licensee (Note ii)	6	6	15	18
Consultancy services income from a franchisee (Note iii)	–	46	–	138
	8,453	10,809	29,346	35,494

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue (Continued)

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

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

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

Segment information

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Geographical information

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong	7,330	9,526	27,483	31,607
The PRC <i>(Note i)</i>	617	436	664	573
Macau Special Administrative Region of the PRC (" Macau ") <i>(Note ii)</i>	506	847	1,199	3,314
	8,453	10,809	29,346	35,494

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

5. OTHER INCOME/OTHER GAINS AND LOSSES

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<u>Other income:</u>				
Government grants (Note)	137	–	1,456	–
Rental concessions	–	20	136	140
Imputed interest income	43	32	116	106
Bank interest income	3	–	4	–
Others	–	164	4	209
	183	216	1,716	455
<u>Other gains and losses:</u>				
Net exchange gains (losses)	7	–	(24)	1
Gain on disposal of property and equipment	1,202	–	1,202	–
	1,209	–	1,178	1

Note: Government grants mainly represent subsidies received from the "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. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interests on lease liabilities	218	154	498	486
Interests on bank borrowings	7	15	26	53
	225	169	524	539

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

7. LOSS BEFORE TAXATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss before taxation has been arrived at after charging:				
Auditor's remuneration	130	141	390	426
Directors' remuneration	115	737	817	3,360
Equity-settled share-based payments	–	–	2,019	–
Other staff costs:				
– salaries, bonuses and allowances	4,433	3,513	13,759	11,157
– retirement benefits schemes contributions	189	157	582	505
Total staff costs	4,737	4,407	17,177	15,022
Depreciation of property and equipment	57	453	273	1,229
Depreciation of right-of-use assets	809	1,169	1,897	3,334

8. TAXATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The taxation comprises:				
Hong Kong Profits Tax charged for the period	2	48	47	131
PRC Enterprise Income Tax ("EIT") charged for the period	–	–	–	2
Deferred tax credited for the period	–	(273)	90	(987)
	–	(225)	137	(854)

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%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

8. TAXATION *(Continued)*

For the nine months ended 31 December 2021 and 2022, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000 of that subsidiary, if any. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the nine months ended 31 December 2021 and 2022.

9. DIVIDENDS

The board of Directors (the "Board") of the Company did not recommend the payment of any dividend for the nine months ended 31 December 2022 (2021: Nil).

10. LOSS PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	872	960	6,141	3,794

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	55,000,000	50,000,000 (Restated)	52,963,636	50,000,000 (Restated)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the nine months ended 31 December 2022***10. LOSS PER SHARE** *(Continued)*

The share consolidation on the basis of every ten (10) issued and unissued shares of par value of HK\$0.01 each in the existing share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each became effective on 10 August 2022. The weighted average number of ordinary shares during the three months and nine months ended 30 December 2021 have been adjusted for the share consolidation.

No separate diluted loss per share information has been presented as there were no potential ordinary shares outstanding in issue for the nine months ended 31 December 2021 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the nine months ended 31 December 2022 and up to the date of this report, the Group has been principally engaged in operating ramen restaurants in Hong Kong, generating revenue from provision of catering services. Besides, the Group also generates revenue from (i) franchising the own brand to franchisees to operate ramen restaurants in Macau and the PRC and receive royalty fee and consultancy services income and income from sales of food, accessories products and product recipe; and (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 December 2022, the Group operated 6 ramen restaurants and 1 Hong Kong style restaurant.

FINANCIAL REVIEW

REVENUE

The revenue of the Group decreased by approximately 17.3% from approximately HK\$35.5 million for the nine months ended 31 December 2021 to approximately HK\$29.3 million for the nine months ended 31 December 2022. The decrease in revenue was mainly because of the closure of a restaurant due to the expiration of tenancy agreement. Moreover, revenue generated from a franchisee in Macau decreased due to various strict coronavirus disease 2019 ("COVID-19") pandemic prevention measures were implemented by the Government of Macau during the second quarter of year 2022, leading to certain suspension of the operation for the franchised restaurant. Furthermore, the 5th wave of local COVID-19 pandemic in Hong Kong also led to a significant decline in customers visited due to the social distancing measures for catering businesses enforced by the Hong Kong Government, forming rigorous challenges to the catering industry.

COST OF INVENTORIES

Cost of inventories decreased by approximately HK\$0.8 million, or approximately 10.2%, from approximately HK\$8.3 million for the nine months ended 31 December 2021 to approximately HK\$7.5 million for the nine months ended 31 December 2022. The drop in cost of inventories sold in line with the decrease of the Group's revenue and amounted to approximately 23.5% and 25.5% of the Group's total revenue for the nine months ended 31 December 2021 and 2022, respectively. The ratio increased as compared to corresponding period in year 2021, which is mainly attributed to the decrease in the economic efficiency resulting from the drop in production volume in the central kitchen caused by the closure of restaurant and the decline in customers visited.

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\$1.3 million was mainly attributed the government grants received under the "Employment Support Scheme" amounted to approximately HK\$1.5 million.

OTHER GAINS AND LOSSES

Other gains and losses mainly represented the net exchange gains or losses and the gain on disposal of property and equipment for the nine months ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

STAFF COSTS

Staff costs increased by approximately 14.3% from approximately HK\$15.0 million for the nine months ended 31 December 2021 to approximately HK\$17.2 million for the nine months ended 31 December 2022. The increase in staff costs was mainly attributable to the equity-settled share-based compensation recognised during the nine months ended 31 December 2022. Staff costs were the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to approximately 42.3% for the nine months ended 31 December 2021 and approximately 58.5% for the nine months ended 31 December 2022.

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

RENTAL AND RELATED EXPENSES

Rental and related expenses represents (i) building management fee, (ii) government rent and rates, (iii) rental for machineries, (iv) contingent rents and (v) other leases for which the lease term ends within twelve months or leases of which the underlying assets are of low value. The rental and related expenses increased by approximately HK\$0.3 million or 17.3% for the nine months ended 31 December 2022 compared to corresponding period in 2021, which was mainly because a tenancy agreement was entered by the Group during the nine months ended 31 December 2022.

DEPRECIATION EXPENSES

Depreciation and amortisation represents depreciation charges for (i) leasehold improvements, (ii) fixtures and equipment and (iii) right-of-use assets of the Group. For the nine months ended 31 December 2022, the Group has recorded depreciation of right-of-use assets amounted to approximately HK\$1.9 million (2021: approximately HK\$3.3 million) and depreciation of property and equipment amounted to approximately HK\$0.3 million (2021: approximately HK\$1.2 million). The decrease in depreciation expenses amounted to approximately HK\$2.4 million or 52.4% owing to the impairment losses recognised for certain of the Group's property and equipment and right-of-use assets as at 31 March 2022.

OTHER EXPENSES

Other expenses mainly consist of water, electricity, gas and other utilities expenses, repair and maintenance fee, audit and professional fees, business and product development expenses, cleaning expenses and motor vehicle and logistics expenses. Other expenses decreased from approximately HK\$10.2 million to approximately HK\$8.7 million from the nine months ended 31 December 2021 to 2022, representing a decrease of approximately 14.8%. 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. Other expenses mainly comprised of utilities expenses of approximately HK\$1.8 million, audit and professional fees of approximately HK\$2.4 million, insurance expenses of approximately HK\$0.5 million, consumables of approximately HK\$0.7 million, cleaning expenses of approximately HK\$0.4 million and repair and maintenance fees of approximately HK\$0.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

Finance costs for the nine months ended 31 December 2022 represents (i) interests on lease liabilities amounted to approximately HK\$0.5 million (2021: approximately HK\$0.5 million), and (ii) interests on bank borrowings amounted to approximately HK\$26,000 (2021: approximately HK\$53,000).

TAXATION

Income tax expenses amounted to approximately HK\$137,000 was recognised for the nine months ended 31 December 2022 (2021: approximately HK\$854,000), which is mainly representing the deferred tax charged to profit or loss resulting from the tax impact in temporary difference between the tax base and the carrying amounts of the Group's property and equipment and right-of-use assets.

LOSS FOR THE PERIOD

The Group recorded a loss attributable to owners of the Company of approximately HK\$6.1 million for the nine months ended 31 December 2022 (2022: approximately HK\$3.8 million). The increase in loss was primarily due to (i) the decrease in revenue due to closure of restaurant and strict pandemic prevention measures among restaurants implemented by the Hong Kong Government during certain period of the second quarter of year 2022; and (ii) the recognition of equity-settled share-based payments.

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.

Since forth quarter of year 2022, more countries and cities have loosened the travelling restriction measures and cancelled the quarantine requirement, hopefully the global travel can be resumed to a certain level and stimulate the economic growth, and that the Group can be benefit from such development.

The management will keep on monitor the market development and to react in a timely basis. Meanwhile, we will be endeavoring to enhance the quality of the food and providing excellent services to our customers. The Group will also proactively seek potential business opportunities or cooperation with different potential parties to broaden the sources of income and bringing better return on investment for the shareholders.



OTHER INFORMATION

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

Long position in the shares

Name	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Mr. Tang Chun Ho Chandler ("Mr. C Tang") (Note)	Interested in a controlled corporation	3,001,000	5.46

Note:

Brilliant Trade Enterprises Limited ("Brilliant Trade") is owned as to 35% by Mr. C Tang, whom by virtue of the SFO is deemed to be interested in 5.46% of the issued share capital of the Company in which Brilliant Trade is interested in.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules.

OTHER INFORMATION

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

As at 31 December 2022, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the shares

Name	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Brilliant Trade	Beneficial owner	3,001,000	5.46%
Mr. Tang Hing Chee (Note 1)	Interested in a controlled corporation	3,001,000	5.46%
Ms. Tai Shiu Bun Mariana (Note 2)	Interest of spouse	3,001,000	5.46%
Ms. Lee Wai Yu Giselle (Note 3)	Interest of spouse	3,001,000	5.46%

Notes:

- (1) Brilliant Trade was 35%, 35%, 15% and 15% owned by Mr. C Tang, Mr. Tang Hing Chee ("**Mr. HC Tang**"), father of Mr. C Tang, Ms. Tai Shiu Bun Mariana, mother of Mr. C Tang, and Ms. Tang Wing Shan Ariel, sister of Mr. C Tang.
- (2) Ms. Tai is the spouse of Mr. HC Tang. Accordingly, Ms. Tai is deemed, or taken to be, interested in the shares in which Mr. HC Tang is interested for the purpose of the SFO.
- (3) Ms. Lee Wai Yu Giselle is the spouse of Mr. C Tang. Accordingly, Ms. Lee Wai Yu Giselle is deemed, or taken to be, interested in the shares in which Mr. C Tang is interested for the purpose of the SFO.

Save as disclosed above, as at 31 December 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

OTHER INFORMATION

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 nine months ended 31 December 2022.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates (as defined under the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with Group during the nine months ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct for securities transactions by the Directors during the nine months ended 31 December 2022.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. The Compliance Adviser has resigned with effect from 15 April 2022.

CORPORATE GOVERNANCE PRACTICE

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

To the best knowledge of the Board, the Company has complied with the code provisions of Corporate Governance Code as contained in part 2 of Appendix 15 to the GEM Listing Rules (the "**CG Code**") during the nine months ended 31 December 2022 except for the deviation from code provision C.2.1 of the CG Code which is explained below:

OTHER INFORMATION

Provision C.2.1 of CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. C Tang performs the roles of chairman and chief executive officer of the Company, the Company has deviated from this code provision from 1 February 2022. However, the Board believes that it is appropriate and in the interests of the Company for Mr. C Tang to take up both roles at the present stage as it helps to ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board also believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with not less than half the number thereof being independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

EVENTS AFTER REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2022 and up to the date of this report.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group in preparation of this report and the unaudited condensed consolidated financial results of the Group for nine months ended 31 December 2022. Such results and report comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 February 2023

As at the date of this report, the Board comprises Mr. Tang Chun Ho Chandler and Ms. Sung Kwan Wun as executive Directors; and Mr. Ho Lai Chuen, Mr. Lee Koon Tak and Ms. So Siu Ying as independent non-executive Directors.