TASTY CONCEPTS HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

賞之味控股有限公司

Stock Code: 8096

ANNUAL REPORT

2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:
Mr. Tang Chun Ho Chandler
Ms. Sung Kwan Wun

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. Ho Lai Chuen
Mr. Lee Koon Tak
(resigned on 15 March 2023)
Mr. Lai Man Hin *(resigned on 31 August 2022)*
Ms. So Siu Ying *(appointed on 31 August 2022 and resigned on 11 April 2023)*
Ms. Li Mingrong *(appointed on 11 April 2023)*
Mr. Lui Sze Ho *(appointed on 13 June 2023)*

BOARD COMMITTEES

AUDIT COMMITTEE
Mr. Lee Koon Tak *(Chairman)*
(resigned on 15 March 2023)
Mr. Lui Sze Ho *(Chairman) (appointed on 13 June 2023)*
Mr. Ho Lai Chuen
Mr. Lai Man Hin *(resigned on 31 August 2022)*
Ms. So Siu Ying *(appointed on 31 August 2022 and resigned on 11 April 2023)*
Ms. Li Mingrong *(appointed on 11 April 2023)*

REMUNERATION COMMITTEE
Mr. Ho Lai Chuen *(Chairman)*
Mr. Tang Chun Ho Chandler
Mr. Lee Koon Tak *(resigned on 15 March 2023)*
Mr. Lui Sze Ho *(appointed on 13 June 2023)*

NOMINATION COMMITTEE
Mr. Tang Chun Ho Chandler *(Chairman)*
Mr. Ho Lai Chuen
Mr. Lee Koon Tak *(resigned on 15 March 2023)*
Mr. Lui Sze Ho *(appointed on 13 June 2023)*

COMPANY SECRETARY

Ms. Yim Sau Ping *(FCPA) (resigned on 31 August 2022)*
Ms. Wong Tsz Yan Pinky *(appointed on 31 August 2022)*

AUTHORISED REPRESENTATIVES

Mr. Tang Chun Ho Chandler
Ms. Yim Sau Ping *(FCPA) (resigned on 31 August 2022)*
Ms. Wong Tsz Yan Pinky *(appointed on 31 August 2022)*

COMPLIANCE OFFICER

Mr. Tang Chun Ho Chandler

AUDITOR

D & PARTNERS CPA LIMITED
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Sheung Wan
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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2103B, 21/F
148 Electric Road
North Point
Hong Kong

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

COMPANY'S WEBSITE

www.butaoramen.com

STOCK CODE

8096

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I would like to present the annual results for Tasty Concepts Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2023.

For the year ended 31 March 2023, the Group's total revenue was approximately HK$42.3 million (2022: approximately HK$41.9 million), representing a year-to-year increase of approximately 1.0%. The Group opened one Japanese style restaurant and one Sichuan style restaurant under newly established brands developed by the Group in Tuen Mun in January 2023 which is aimed to develop different markets by broadening and diversifying the Group's customer base. The revenue generated from the new restaurants offset the decrease in revenue caused by (i) the closure of a restaurant due to the expiration of tenancy agreement and the (ii) 5th wave of COVID-19 pandemic in Hong Kong that led to a significant decline in customers visited due to the restricted operating hours enforced by the Hong Kong Government among restaurants throughout almost the entire April 2022. Loss for the year was approximately HK$9.7 million (2022: approximately HK$15.8 million). The decrease in loss was mainly due to the decrease in impairment losses on property and equipment and right-of-use assets recognised during the year as compared to last year.

In order to enhance customer's spending sentiment and cater the changing customer spending patterns, the Group will continue to launch promotion activities and to work closely with different independent online delivery platforms.

Since the third quarter of financial year 2023, most 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. In the future, the management would be continuously striving for new opportunities to broaden the Group's source of income and meanwhile, adopting various cost control and cut-loss measures in order to maintain the competitiveness and to return to profitability.

The Group maintained its focus on serving high quality "Hakata-Style" Japanese ramen and providing excellent customer services. Our management team will be continuously emphasis on the quality control of ingredients sourcing, food processing and seasoning and services provided and to bring our customers unforgettable dining experiences.

Lastly, on behalf of the Board, I wish to extend my sincere appreciation to the management team and our employees for their hard work and dedication, and to express my gratitude to all shareholders, customers and business partners for their utmost and unremitting support. We will continue to strive for the greatest interest for the Group and offering better dining experiences to our valuable customers.

Tang Chun Ho Chandler
Chairman and Executive Director

Hong Kong, 28 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2023 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 its own brand to franchisees to operate ramen restaurants in the People's Republic of China (the "**PRC**") and Macau Special Administrative Region of the PRC ("**Macau**") and receive royalty fee and consultancy services income and income from sales of food and accessories products to franchisees; 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 March 2023 and up to the date of this report, the Group operated 6 ramen restaurants, 1 Hong Kong style restaurant, 1 Sichuan style restaurant and 1 Japanese style restaurant in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the relatively significant risks relating to the Group's business are as follows:

– If the Group fails to maintain effective quality control system of the restaurants' daily operation, it could materially impact the Group's operations, business and reputation;

– The Group's future development business operation and operation results could be affected by labour shortages or increase in staff costs;

– The Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs; and

– The Group rely on the central kitchen of the Group to supply some of the semi-processed or processed food ingredients used in the restaurants and any disruption of operation at the central kitchen of the Group could adversely affect the operations, business and reputation.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH LAWS AND REGULATIONS

Due to the inadvertent oversight by certain management and staff of the Group involved in the negotiation of a tenancy agreement entered in to by the Group in July 2022 and such tenancy agreement is a major transaction of the Company, the Company has breached the GEM Listing Rules requirements for notification and announcement, circular and shareholders' approval requirements as set out in Chapter 19 of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 23 August 2022 and 22 September 2022 and the circular of the Company dated 28 November 2022.

Following the resignation of Mr. Lee Koon Tak, the independent non-executive Director and the chairperson of the audit committee of the Company and a member of each of the nomination committee and remuneration committee of the Company, with effect from 15 March 2023, the Company only had two independent non-executive Directors and neither of the independent non-executive Directors had professional accounting qualifications, the number of independent non-executive Directors and number of members of each of the audit committee and remuneration committee of the Company fell below the number required under Rule 5.05, Rule 5.28 and Rule 5.34 of the GEM Listing Rules. Following the appointment of Mr. Lui Sze Ho as an independent non-executive Director and the chairperson of the audit committee of the Company and a member of each of the nomination committee and remuneration committee of the Company. The Company is in compliance with Rule 5.05, Rule 5.28 and Rule 5.34 of the GEM Listing Rules.

Saved as disclosed above, as far as the Directors are aware, there was no material breach of or non-compliance with the applicable laws and regulation by the Group during the year ended 31 March 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The ESG Report is set out on page 43 to page 69 of this annual report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group maintains a good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers, without whom success in the Group's production and operation would be at risk.

FINANCIAL REVIEW

REVENUE

The revenue of the Group increased by approximately 1.0% from approximately HK$41.9 million for year ended 31 March 2022 to approximately HK$42.3 million for the year ended 31 March 2023. The Group opened one Japanese style restaurant and one Sichuan style restaurant under newly established brands developed by the Group in Tuen Mun in January 2023. The revenue generated from the new restaurants offset the decrease in revenue caused by (i) the closure of a restaurant due to the expiration of tenancy agreement and (ii) the 5th wave of COVID-19 pandemic in Hong Kong that led to a significant decline in customers visited due to the restricted operating hours enforced by the Hong Kong Government among restaurants throughout almost the entire April 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF INVENTORIES

Cost of inventories for the year ended 31 March 2023 and 2022 was HK$10.2 million. The cost of inventories sold amounted to approximately 24.3% and 24.2% of the Group's total revenue for the year ended 31 March 2022 and 2023, respectively.

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. Other income of the Group increased by approximately HK$0.8 million, or approximately 4.6%, from approximately HK$1.7 million for the year ended 31 March 2022 to approximately HK$1.8 million for the year ended 31 March 2023. The increase in amount was mainly attributed to the increase in government grants received under the "Anti-epidemic Fund" and "Employment Support Scheme".

OTHER GAINS AND LOSSES

Other gains and losses mainly represented the gain on termination of lease contracts, written-off of trade receivables, and net exchange (losses)/gains. For the year ended 31 March 2023, approximately HK$1.2 million of gain on termination of lease contracts was recognised. For the year ended 31 March 2022, approximately HK$7.9 million of the gain on termination of a lease contract was recognised after Directors' assessment in accordance to the legal advice given by the Company's legal advisor about the latest development of the pending litigations related to the rental and other related expenses arrears to a landlord; whereas approximately HK$1.2 million of the Group's trade receivables had been written off after the consideration of the history in settlement or recurring overdue records of the counter parties and the forward-looking factors by the management.

STAFF COSTS

Staff costs increased by approximately 8.0% from approximately HK$20.2 million for the year ended 31 March 2022 to approximately HK$21.9 million for the year ended 31 March 2023. Given to more restaurants were operated by the Group during the year ended 31 March 2023, the staff costs increased accordingly. Staff costs were the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to approximately 48.3% for the year ended 31 March 2022 and approximately 51.7% for the year ended 31 March 2023.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 decreased by approximately HK$0.6 million or 26.1% from approximately HK$2.5 million for the year ended 31 March 2022 to approximately HK$1.8 million for the year ended 31 March 2023, which was mainly because the rental costs of new tenancy agreement entered by the Group during the year ended 31 March 2023 were lower than those of the tenancy agreements expired during the year ended 31 March 2022.

DEPRECIATION AND AMORTISATION

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 year ended 31 March 2023, the Group has recorded depreciation of right-of-use assets amounted to approximately HK$3.8 million (2022: approximately HK$4.6 million) and depreciation charges for property and equipment amounted to approximately HK$0.3 million (2022: approximately HK$1.8 million). The decrease in depreciation and amortisation expenses amounted to approximately HK$2.3 million or 36.2% mainly 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 fees, audit and professional fees, consumables expenses, insurance expenses, handling charges for electronic payment and delivery platforms and motor vehicle and logistics expenses. Other expenses decreased from approximately HK$14.2 million to approximately HK$14.0 million from the year ended 31 March 2022 to the year ended 31 March 2023, representing a decrease of approximately 1.8%. The decrease was mainly attributed to the 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	
	2023	2022
	HK$'000	HK$'000
Utilities expenses	**2,604**	2,215
Audit and professional fees	**2,699**	2,820
Advertising and marketing expenses	**779**	729
Repair & maintenance fees	**758**	957
Business and product development	**674**	1,129
Motor vehicle and logistics expenses	**1,136**	1,189
Consumables	**925**	1,161
Insurance expenses	**834**	803
Cleaning expenses	**546**	477
Handling charges for electronic payment and delivery platforms	**1,474**	1,684
Provisions for surcharge and penalty for litigations *(Note i)*	**15**	13
Others *(Note ii)*	**1,508**	1,036
	13,952	14,213

Note:

(i) The Group has been involved in several claims in relation to rental and other related expenses arrears during the years ended 31 March 2022 and 2023. Moreover, provisions for estimated surcharge and penalty that might be borne by the Group from the litigations amounted to approximately HK$15,000 was recognised in accordance to the latest development of the litigations during the year ended 31 March 2023 (2022: approximately HK$13,000). The Group had obtained legal advice from the lawyer and it is advised that sufficient provisions have been recorded in relation to the claims arose from the litigations as at 31 March 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

IMPAIRMENT LOSSES

During the year ended 31 March 2023, certain restaurants of the Group incurred losses, giving rise to indicators of impairment of property and equipment and right-of-use assets. Impairment losses of approximately HK$0.3 million and HK$2.1 million in respect of property and equipment and right-of-use assets have been recognised respectively during the year ended 31 March 2023 (2022: approximately HK$5.3 million and HK$5.5 million).

FINANCE COSTS

Finance costs for the year ended 31 March 2023 represent (i) interests on lease liabilities amounted to approximately HK$0.7 million (2022: approximately HK$0.6 million) and (ii) interests on bank borrowing amounted to approximately HK$29,000 (2022: approximately HK$66,000).

TAXATION

Income tax credit amounted to approximately HK$39,000 for the year ended 31 March 2023 (2022: expenses of approximately HK$1.0 million), which is mainly due to deferred tax credited to profit or loss resulting from the assessment by the management.

LOSS FOR THE YEAR

The Group recorded a loss of approximately HK$9.7 million for the year ended 31 March 2023 (2022: approximately HK$15.8 million). The decrease in loss was mainly due to the decrease in impairment losses on property and equipment and right-of-use assets recognised during the year ended 31 March 2023 as compared to last year.

LIQUIDITY AND FINANCIAL RESOURCES, CAPITAL 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 (the "**Listing**"). As at 31 March 2023, the Group's bank balances and cash amounting to approximately HK$6.6 million, representing a decrease of approximately HK$5.0 million from approximately HK$11.6 million as at 31 March 2022. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2023, the Group recorded interest-bearing bank borrowing of approximately HK$0.1 million (31 March 2022: approximately HK$1.0 million) and lease obligation of approximately HK$14.3 million (31 March 2022: approximately HK$9.7 million). The interest-bearing bank borrowing is 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 2023, the Group's total current assets and current liabilities were approximately HK$12.9 million (31 March 2022: approximately HK$18.1 million) and approximately HK$19.3 million (31 March 2022: approximately HK$13.1 million) respectively. The Group's current ratio, calculated by dividing the total current assets over the total current liabilities, was approximately 0.7 times (31 March 2022: approximately 1.4 times). The Group's gearing ratio, calculated as percentage of bank borrowings to the total equity attributable to owners of the Company, was approximately 3.9% as at 31 March 2023 (31 March 2022: approximately 13.6%).

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 2023, 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

The Group has been served a number of litigations and claims. These claims and litigations are arisen from arrears rental and other related expenses of the Group and has been recognised in the other payables and accruals and provisions. Additional interest, surcharge and penalty might be incurred due to the delay in settlement of such payables.

Nevertheless, the management of the Company obtained legal advice, and considered no additional interest, surcharge and penalty required apart from the amounts stated in the other payables and accruals and provisions. As at 31 March 2023, the related amounts included in other payables and accruals and provisions are HK$1,867,000 and HK$147,000 (2022: HK$1,867,000 and HK$104,000) respectively.

The management and the legal advisor of the Company have taken collective efforts to resolve these cases. As at the reporting date, the corresponding cases are open and might affect the Group in future.

Except as disclosed above or elsewhere in this report, 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 2023, motor vehicles with carrying amounts of approximately HK$17,000 (31 March 2022: approximately HK$1.4 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.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: 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 2023.

SHARE OPTIONS

The Company has conditionally adopted by the resolutions in writing of all the shareholders passed on 21 February 2019 a share option scheme (the "**Share Option Scheme**"). The Share Option Scheme became effective on the listing date (e.g. 15 March 2019). The Share Option Scheme enables the Company to grant share options to any director, employee or other stakeholders to the Company or any of its subsidiaries, as incentives or rewards for their contributions to the Group.

As at 31 March 2023 and the date of this report, there was no outstanding share options under the Share Option Scheme. As at 1 April 2022, 50,000,000 share options are available for grant under the Share Option Scheme. As at 31 March 2023, 5,500,000 share options are available for grant under the Share Option Scheme and the total number of shares available for issue under the Share Option Scheme was 5,500,000, which represented 10% of the issued shares of the Company as at the date of this report. The number of shares that may be issued in respect of the share options granted under the Share Option Scheme during the year ended 31 March 2023 divided by the weighted average number of shares in issue for the year ended 31 March 2023 was approximately 0.09.

Details of the Company's Share Option Scheme are set out in Note 32 to the consolidated financial statements.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 6 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments or capital assets as of 31 March 2023.

COMMITMENT

As at 31 March 2023, the Group did not have any capital commitment (2022: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of 114 employees (31 March 2022: 76). The staff costs (included Directors' emoluments) were approximately HK$21.9 million for the year ended 31 March 2023 (2022: approximately HK$20.2 million). The remuneration package of the employees is determined by various factors such as their working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of employees' salaries to the central pension scheme. The Group also maintains the Mandatory Provident Fund Scheme and insurance for its employees in Hong Kong. Various types of trainings were provided to the employees. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution.

USE OF NET PROCEEDS FROM THE LISTING

The Company successfully listed its shares on GEM of the Stock Exchange on 15 March 2019 (the "**Listing Date**") by way of public offer and placing and the net proceeds from the Listing of the Company were approximately HK$46.1 million (after deducting underwriting fees and related listing expenses). The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the prospectus of the Company dated 27 February 2019 and the announcement dated 21 February 2022 in relation to change in use of net proceeds. An analysis of the utilisation of the net proceeds is set out below:

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Actual amount utilised as at 31 March 2022 HK$'000	Unutilised net proceeds as at 31 March 2022 HK$'000	Amount utilised during the year ended 31 March 2023 HK$'000	Unutilised net proceeds as at 31 March 2023 HK$'000	Notes
Setting up of new outlets in Hong Kong	30.3	13,983	**13,983**	**-**	–	–	The outlet located in Nam Cheong and Tseung Kwan O were opened in August 2020 and September 2019 respectively.
Expansion of existing central kitchen in Hong Kong	20.0	9,229	**9,229**	**-**	–	–	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 such as renovation and upgrading the freezing system, enhancement of water-proof works were finished and 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, 2021 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE LISTING *(Continued)*

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK$'000	Actual amount utilised as at 31 March 2022 HK$'000	Unutilised net proceeds as at 31 March 2022 HK$'000	Amount utilised during the year ended 31 March 2023 HK$'000	Unutilised net proceeds as at 31 March 2023 HK$'000	Notes
Further enhancement of brand recognition	4.7	2,147	**2,147**	**-**	–	–	Promotion campaigns and other marketing activities launched throughout the financial year of 2020 and 2021.
Enhancement of operational capability and efficiency	4.4	2,030	**2,030**	**-**	–	–	Upgraded the equipments and systems at back office in August 2019. Recruited potential and capable staffs including, industrial experts/consultants, district managers, human resources assistant etc. to strengthen the operational capability and efficiency.
General working capital	40.6	18,757	**7,138**	**11,619**	11,619	–	
	100.0	46,146	**34,527**	**11,619**	11,619	–	

At 31 March 2023, all net proceeds from the Listing had been used as intended.

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 third quarter of financial year 2023, most 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. 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.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Mr. Tang Chun Ho Chandler (鄧振豪) ("**Mr. C Tang**"), aged 38, is the founder, executive Director, Chairman and Chief Executive Officer of the Group. Mr. C Tang was appointed as the Director on 23 July 2018 and re-designated as the executive Director on 28 August 2018. Mr. C Tang was appointed as the Chief Executive Officer and the Chairman of the Board on 28 August 2018 and 1 February 2022, respectively. Mr. C Tang is also a director of each subsidiary incorporated in Hong Kong of the Group. Mr. C Tang is primarily responsible for the overall management, strategic planning, brand management and development of the Group's business operations. He is also the chairman of the nomination committee (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). In carrying out his responsibilities, Mr. C Tang has provided the Group with leadership, vision for the expansion of the business, marketing and public relations strategies. Mr. C Tang has over 12 years of experience in the Japanese ramen restaurant industry gained from the operation of the Group.

Prior to joining the Group, Mr. C Tang worked as a financial planner of AIA Hong Kong, whose principal business is the provision of insurance and investment-oriented products, from February 2007 to September 2011, during which he was responsible for identifying clients' financial and protection needs in order to promote or arrange suitable insurance products for them. In 2008, Mr. C Tang was awarded Agent of the District (Regent) by AIA International Limited. He was a member of Million Dollar Round Table of The Premier Association of Financial Professionals, a global and independent association of life insurance and financial services professionals, from December 2008 to December 2009. He devoted his time into participating in music performance from 2005 to 2007.

Mr. C Tang obtained his secondary school diploma at Royal International College in Ontario, Canada in October 2002. He pursued further education in business management at Monash University between 2003 and 2005.

Ms. Sung Kwan Wun (宋君媛) ("**Ms. Sung**"), aged 57, was appointed as the executive Director on 1 February 2022. Ms. Sung is responsible for formulating business strategy of the Group.

Ms. Sung has years of experience in import and export industry. She held management positions in several trading companies and was responsible for regional marketing strategy and internal staff training. Ms. Sung has extensive knowledge in corporate operation management, and in marketing in the PRC and Europe. Ms. Sung was an independent non-executive director of China Automotive Interior Decoration Holdings Limited (stock codes: 48 and 8321) from August 2013 to June 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Koon Tak (李冠德) ("**Mr. Lee**"), aged 52, was appointed as the independent non-executive Director on 21 February 2019. Mr. Lee is also the chairman of the audit committee of the Company ("**Audit Committee**") and a member of each of the Remuneration Committee and Nomination Committee. Mr. Lee resigned as the independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee with effect from 15 March 2023.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee has over 23 years of experience in accounting and finance. From May 1993 to December 1996, Mr. Lee worked as an accountant at CarnaudMetalbox (Hong Kong) Limited whose principal business was manufacturing of packaging products. From January 1997 to November 1997, Mr. Lee worked as a chief accountant at GEC Alsthom Transport Hong Kong Limited, a company principally engaged in offering rolling stock to infrastructure, as well as signaling, maintenance and integrated transport systems. From August 1997 to September 2017, Mr. Lee was appointed by Canon Hongkong Company Limited, which is primarily engaged in offering a comprehensive range of digital imaging products in Hong Kong and Macau, as a vice president where he was responsible for finance and accounting, information technology, supply chain management, legal and compliance and customer delight divisions of the company. Since October 2017, Mr. Lee has been appointed as the Vice President of Canon India Private Limited, which is primarily engaged in offering a comprehensive range of digital imaging products in India, where he is responsible for supervising the finance and taxation, legal and corporate planning divisions at the company.

Mr. Lee obtained a bachelor degree of business administration in applied economics from Hong Kong Baptist College (now known as Hong Kong Baptist University) in December 1992. In November 2012, he obtained a Master of Business Administration (Executive) degree from The Chinese University of Hong Kong. Mr. Lee has been a fellow member of The Association of Chartered Certified Accountants Hong Kong since July 2001 and a member of the Hong Kong Institute of Certified Public Accountants since April 1997.

Mr. Ho Lai Chuen（何麗全）("**Mr. Ho**"), aged 68, was appointed as the independent non-executive Director on 21 February 2019. Mr. Ho is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Mr. Ho has over 33 years of experience in the production and broadcasting industry. From March 1977 to March 2011, Mr. Ho was employed by Television Broadcasts Limited ("**TVB**") as a scriptwriter, creative director and was promoted to his last position as controller for non-drama productions at the production division. TVB is a company listed on the Main Board of the Stock Exchange (stock code: 00511), major activities of which include free-to-air television broadcasting, programme production, programme licensing and distribution, digital media business and publications.

From April 2011 to March 2015, Mr. Ho was appointed as an executive vice president and general manager, production in the TV and new media business unit of PCCW Media Limited whose principal business is the provision of pay-TV service in Hong Kong. Mr. Ho was a corporate mentor for the Master of Business Administration programme at the Shanghai University, PRC from April 2015 to March 2016. Since October 2015, Mr. Ho has been serving as the chief executive officer of CL Showbiz Limited, which is primarily engaged in the provision of services including event planning/coordinating stage design and setting, sound and lighting and audio visual production. Since May 2018, Mr. Ho has been engaged as a consultant of Asia Television Digital Media Limited to provide advisory services on its television broadcasting business. Since February 2021, Mr. Ho rejoined TVB as the chief executive officer of The Voice Entertainment Group Limited.

Mr. Ho obtained a Master of Business Administration (Executive) degree from City University of Hong Kong in October 2014.

Mr. Lai Man Hin, SBS, FSDSM, FSMSM（黎文軒）("**Mr. Lai**"), aged 63, was appointed as the independent non-executive Director on 31 January 2020. Mr. Lai is also the member of the Audit Committee. Mr. Lai resigned as the independent non-executive Director and the member of the Audit Committee with effect from 31 August 2022.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Lai had served in the Hong Kong Fire Services Department for over 37 years. Mr. Lai first joined the Hong Kong Fire Services Department in June 1979 as Assistant Station Officer. Mr. Lai was promoted to the post of Deputy Chief Fire Officer in December 2004, Chief Fire Officer in March 2007 and to Deputy Director of Fire Services in April 2012. Mr. Lai held the position of Director of the Hong Kong Fire Services Department from June 2014 until his retirement in August 2016.

Mr. Lai became a Graduate of The Institution of Fire Engineers (Hong Kong Branch) in March 1982 and went on to become a Member and Fellow of The Institution of Fire Engineers (Hong Kong Branch) since March 1983 and November 1996, respectively. In recognition of his outstanding achievements, Mr. Lai was awarded an Honorary Fellowship by the University of Central Lancashire, United Kingdom in November 2014.

Mr. Lai was awarded the Hong Kong Fire Services Medal for Meritorious Service in 2004 and was further awarded with the Hong Kong Fire Services Medal for Distinguished Service in 2009. In 2016, Mr. Lai received the Silver Bauhinia Star.

Mr. Lai completed a Diploma Course in Business Management at The Chinese University of Hong Kong in October 1986. Mr. Lai obtained a Diploma in Management Studies from The Chinese University of Hong Kong in October 1994 and a Higher Diploma in Legal Studies from the City University of Hong Kong in November 1997. Mr. Lai completed a semester of studies in Public Organization and Public Management at the Graduate School of Public Policy at the University of California Berkeley in December 1997 and later the Divisional Command Course at The Fire Service College of the United Kingdom in October 1999. Mr. Lai received a Certificate of Higher Education in Law from the University of Wolverhampton through long distance learning in July 2002 and a Master of Arts in Public Policy and Management from the City University of Hong Kong in November 2004. Mr. Lai completed the Senior Executive Fellows programme at Harvard University's John F. Kennedy School of Government in June 2006.

Ms. So Siu Ying (蘇小英) ("**Ms. So**"), aged 64, was appointed as the independent non-executive Director on 31 August 2022. Ms. So is also a member of the Audit Committee. Ms. So resigned as the independent non-executive Director and a member of the Audit Committee with effect from 11 April 2023.

Ms. So, has over 35 years of experience in catering services and has held management positions in a number of restaurants. She has extensive knowledge in the operation and management of restaurants.

Ms. Li Mingrong (李明容) ("**Ms. Li**"), aged 39, was appointed as the independent non-executive Director on 11 April 2023. She is also a member of the Audit Committee.

Ms. Li has extensive experience in marketing strategy development and has held marketing management positions at sizable corporations in the People's Republic of China.

Mr. Lui Sze Ho (呂思豪) ("**Mr. Lui**"), aged 41, was appointed as the independent non-executive Director on 13 June 2023. He is also the chairperson of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee.

Mr. Lui has over 15 years of experience in accounting, finance, and business operations. Mr. Lui obtained a bachelor degree of business administration in accountancy from The Hong Kong Polytechnic University. Mr. Lui is a member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Kwan Ka Ying (關稼瑩) ("**Ms. Kwan**"), aged 35, the Chief Financial Officer, who has joined the Group since 16 May 2018. She was responsible for the overall management of financial and financial reporting of the Group. Ms. Kwan resigned as the Chief Financial Officer with effect from 31 August 2022.

Prior to joining the Group, Ms. Kwan worked at assurance department of BDO Limited, whose principal business is the provision of independent assurance services including financial statement audits, from September 2011 to May 2018. Ms. Kwan was engaged initially as an associate and was promoted to her last position as a manager to oversee and monitor the whole audit process.

Ms. Kwan obtained a bachelor degree of business administration in accounting from Hong Kong Baptist University in November 2011. Ms. Kwan has been a member of the Hong Kong Institute of Certified Public Accountants since January 2016.

Mr. Lee Man Fung (李敏豐) ("**Mr. Lee**"), aged 39, the Chief Operations Officer. Mr. Lee has joined the Group since 8 June 2015. Mr. Lee was responsible for the marketing and brand management of the Group. Mr. Lee resigned as the Chief Operations Officer with effect from 1 January 2023.

Prior to joining the Group, Mr. Lee worked as a creative director at Dudz Production House Co., Limited, whose principal business is the provision of professional design services, from August 2006 to June 2015. He was responsible for providing promotional materials, directing layout, design and copy writing and determining and monitoring production schedules.

Mr. Lee received a bachelor degree of multimedia (networks and computing) from Swinburne University of Technology, Australia in December 2006.

Mr. Liu Wing Yu (廖穎宇) ("**Mr. Liu**"), aged 39, is the Chief Procurement Officer, who has joined the Group since 3 October 2016. Mr. Liu was responsible for the overseeing of delivery of products and research for market data. Mr. Liu resigned as the Chief Procurement Officer with effect from 1 January 2023.

Prior to joining the Group, Mr. Liu worked as an account manager by EZY Digital, whose principal business is wholesale and export of computer electronics devices, from June 2010 to February 2017, responsible for exploring new sales channels and handling key clients and suppliers, as well as assisting with preparation of monthly sales forecast and monthly sales reports. From June 2005 to June 2010, Mr. Liu worked as an account manager in Muse Digital Limited, whose principal business is the wholesale, retail and export of computers, electronic devices and computer peripherals, responsible for the communication with local and overseas customers.

Mr. Liu obtained a bachelor degree of commerce in marketing and electronic commerce from Curtin University of Technology, Australia in February 2006.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Yim Sau Ping (嚴秀屏) ("**Ms. Yim**"), aged 40, was appointed as the company secretary of the Group on 22 February 2019 and resigned as the company secretary of the Group on 31 August 2022.

Prior to joining the Group, Ms. Yim worked for Boill Healthcare Holdings Limited (formerly known as Ngai Shun Holdings Limited) (stock code: 1246), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326), a company listed on the GEM as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of two companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017, respectively. She has accumulated more than 13 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

Ms. Wong Tsz Yan Pinky (王芷恩) ("**Ms. Wong**"), aged 34, was appointed as the company secretary of the Group on 31 August 2022. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She holds a Bachelor of Administrative Studies with Honours (specialised in accounting) from York University. Since March 2016, Ms. Wong has been the company secretary of KPM Holding Limited (stock code: 8027), a company listed on the GEM of the Stock Exchange.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are the restaurant chain operator, mainly selling Japanese ramen in Hong Kong under the brand "豚王". Details of the principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this report.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") before Listing Date, details of the Dividend Policy is disclosed as below.

The Company adopts a general Dividend Policy that aims to provide shareholders of the Company out of the Group's profit attributable to shareholders in any financial year, subject to the criteria set out below.

Such declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company.

In proposing any dividend payout, the Board shall also take into account, inter alia:-

- the Group actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;

- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis.

In addition to cash, dividends may be distributed in the form of shares subject to and in accordance with the procedures set out in the Company's memorandum and articles of association.

Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Pursuant to the Code Provision F.1.1 under Appendix 15 Corporate Governance Code and Corporate Governance Report, the Company should disclose the policy on payment of dividend in the annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of profit or loss and other comprehensive income of this report. The state of affairs of the Group and the Company as at 31 March 2023 are set out in the consolidated statement of financial position and Note 34 to the consolidated financial statements respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 134 in this report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and Note 34 to the consolidated financial statements respectively.

SHARE OPTION SCHEMES

The Company conditionally adopted a Share Option Scheme on 21 February 2019. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

A summary of the particulars of the Share Option Scheme as required under Rule 23.09 of the GEM Listing Rules is set out in Note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the memorandum and articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2023 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVES

At 31 March 2023, the Company's reserves available for distribution to owners comprising share premium account less accumulated losses, amounted to approximately HK$8.0 million (2022: approximately HK$7.2 million).

MAJOR CUSTOMERS AND SUPPLIERS

As a restaurant operator, the Group has a large and diverse customer base. There is no customer significantly dominated in the Group's revenue. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for the year ended 31 March 2023.

During the year ended 31 March 2023, the percentage of the Group's purchase amount attributable to the Group's largest supplier was approximately 26.1% of the Group's total purchase, while the percentage of the Group's total purchase amount attributable to the five largest suppliers in aggregate was approximately 57.1% of the Group's total purchase.

None of the Directors of the Company, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The Board of the Company during the year and up to date of this report were as follows:

EXECUTIVE DIRECTORS

Mr. Tang Chun Ho Chandler *(Chairman and Chief Executive Officer)*
Ms. Sung Kwan Wun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Lai Chuen
Mr. Lee Koon Tak *(resigned on 15 March 2023)*
Mr. Lai Man Hin *(resigned on 31 August 2022)*
Ms. So Siu Ying *(appointed on 31 August 2022 and resigned on 11 April 2023)*
Ms. Li Mingrong *(appointed on 11 April 2023)*
Mr. Lui Sze Ho *(appointed on 13 June 2023)*

In accordance with the memorandum and articles of association of the Company, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting.

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year ended 31 March 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Saved as disclosed in the section "Directors' Report – Related Party Transaction and Connected Transaction" above, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries during the year ended 31 March 2023.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" below and the Share Option Scheme disclosures in Note 32 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 15 to 19 of this report.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 11 to the consolidated financial statements. The emolument of the number of the highest paid individuals who are not the Directors of the Company for the year ended 31 March 2023 are set out in Note 11(B) to the consolidated financial statements.

The emoluments of the senior management of the Group for the year ended 31 March 2023 falls within the following band:

Emolument Band	Number of Senior Management
Nil to HK$1,000,000	3

EMOLUMENT POLICY

A Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the emolument policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2023 are set out in Note 27 to the consolidated financial statement.

MANAGEMENT CONTRACTS

Save for the service agreements (for executive Directors and independent non-executive Directors) with the Company entered into with each of the Directors, no contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2023.

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

As at 31 March 2023, the interests and short positions of the Directors and chief executives 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 Securities and Future Ordinance (the "**SFO**")) which are required to be 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 were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, are as follows:

Long positions in shares

Name	Capacity/Nature of interest	Number of shares held/interested	Percentage of shareholding
Mr. C Tang *(Note)*	Interest 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 March 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2023, the following persons/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares

Name	Capacity/Nature of interest	Number of shares held/interested	Percentage of shareholding
Brilliant Trade	Beneficial owner	3,001,000	5.46%
Mr. Tang Hing Chee ("**Mr. HC Tang**") *(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 is owned as to 35% by Mr. HC Tang, father of 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.

(2) Ms. Tai Shiu Bun Mariana is the spouse of Mr. HC Tang. Accordingly, Ms. Tai Shiu Bun Mariana is deemed, or taken to be, interested in the shares in which Mr. HC Tang is interested for the purpose of the SFO.

(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 March 2023, 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 "Directors Report – 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 and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2023.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during year ended 31 March 2023.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 30 to 42 of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2023.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the GEM Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2023.

INDEPENDENT AUDITOR

On 10 February 2020, Deloitte Touche Tohmatsu resigned and D & PARTNERS CPA LIMITED was appointed as the auditor of the Group. Details of the change of auditor were set out in the announcement of the Company dated 10 February 2020.

Save as disclosed above, there were no other changes in auditor of the Group during the past three years.

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by D & PARTNERS CPA LIMITED. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint D & PARTNERS CPA LIMITED as auditor of the Company.

ON BEHALF OF THE BOARD
Tasty Concepts Holding Limited
Tang Chun Ho Chandler
Chairmen and Executive Director

Hong Kong, 28 June 2023

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is 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.

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 part 2 of Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2023, to the best knowledge of the Board, the Company has complied with the code provisions set out in the CG Code except for the deviation from Code Provision C.2.1 of the CG Code as set out in the sub-section "Chairman and Chief Executive Officer" in "Corporate Governance Report" on page 36.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 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 2023.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Director along with other senior executives. They report periodically to the Board of their work and business decisions.

BOARD COMPOSITION

The composition of the Board as the date of at this report is set out as follows:

EXECUTIVE DIRECTORS

Mr. Tang Chun Ho Chandler *(Chairman and Chief Executive Officer)*
Ms. Sung Kwan Wun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Lai Chuen
Mr. Lee Koon Tak *(resigned on 15 March 2023)*
Mr. Lai Man Hin *(resigned on 31 August 2022)*
Ms. So Siu Ying *(appointed on 31 August 2022 and resigned on 11 April 2023)*
Ms. Li Mingrong *(appointed on 11 April 2023)*
Mr. Lui Sze Ho *(appointed on 13 June 2023)*

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 15 to 19 of this report.

The proportion of which is higher than what is required by Rule 5.05A, 5.05 (1) and (2) of the GEM Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**"), which sets out the basis to achieve diversity on the Board. Details of this Board Diversity Policy is disclosed as below.

1. PURPOSE

   This Board Diversity Policy aims to set out the approach to achieve diversity on the Board.

2. POLICY STATEMENT

   The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria.

3. MEASURABLE OBJECTIVES

   Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee and the Board will review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

4. MONITORING AND REVIEW OF THE BOARD DIVERSITY POLICY

   The Nomination Committee and the Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis.

5. DISCLOSURE OF THE BOARD DIVERSITY POLICY

   A summary of the Board Diversity Policy is disclosed in this annual corporate governance report of the Company.

As at 31 March 2023, the Board comprised three males, representing 60% of the Board, and two female, representing 40% of the Board. The Board considers that the gender diversity of the Board has been well-maintained and the Board will continue to strive to achieve appropriate balance of gender diversity. The Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board to achieve gender diversity.

DIVERSITY IN WORKFORCE

As at 31 March 2023, the gender composition of the workforce (including senior management) was approximately 48% male and approximately 52% female. The Board considers that the gender diversity of the workforce has been well-maintained and aims to maintain the balance of gender diversity in the foreseeable future.

NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**"), which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. Details of the Nomination Policy is disclosed as below.

1. PURPOSE

   1.1 This Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors.

   1.2 This Nomination Policy aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

2. CRITERIA

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximize shareholders' value.

3. RE-ELECTION OF DIRECTOR AT GENERAL MEETING

3.1 The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the criteria including but not limited to:

(a) the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria in section 2.

3.2 The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

CORPORATE GOVERNANCE REPORT

4. NOMINATION PROCESS

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

5. RESPONSIBILITY

The Board will be ultimately responsible for the selection, appointment and re-appointment of Directors.

6. MONITORING AND REPORTING

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of this policy as appropriate.

7. REVIEW OF THE NOMINATION POLICY

The Nomination Committee will launch a formal process to review the Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

8. DISCLOSURE OF THE NOMINATION POLICY

A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year are disclosed in this annual corporate governance report of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

The Board has established mechanisms to ensure independent views and input are available to the Board, which the Board shall review on an annual basis to ensure the implementation and effectiveness of such mechanisms. A summary of the mechanism is set out below:

i) The Board shall ensure that at least one-third of the Board members being independent non-executive Director;

ii) The nomination and appointment of independent non-executive Directors shall be subject to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules. Every independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may materially affect his or her independence and provide an annual confirmation of his or her independence pursuant to the GEM Listing Rules. The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement;

iii) The Board shall ensure that the independent non-executive Directors be given the opportunity and channel to communicate and express their independent views and inputs to the Chairman, the Board and its committees; and

iv) The Director shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director and independent non-executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the execution date. The service contracts are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable GEM Listing Rules.

According to the Article 108 of the memorandum and articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code 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. 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.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 31 March 2023, the Company has provided and all Directors have received the updates on the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules. All Directors confirmed that they have participated in continuous professional development during the year ended 31 March 2023 by reading relevant articles and materials and attending seminars, courses or conferences to develop and refresh their knowledge and skills.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at www. hkexnews.hk and the Company's website at www.butaoramen.com. All the Board committees responsibly report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was established on 21 February 2019. As at the date of this report, the chairman of the Remuneration Committee is Mr. Ho, the independent non-executive Director, and other members includes Mr. Lui, the independent non-executive Director and Mr. C Tang, the Chairman and executive Director. The written terms of reference of the Remuneration Committee are posted on the website of the Stock Exchange and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration and on the remuneration packages of Directors and senior management and reviewing matters of the Share Option Scheme and amendments to GEM Listing Rules regulating the Share Option Scheme. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee held two meetings to review the remuneration policy, the remuneration packages and emoluments of Directors and senior management and make recommendations to the Board on the remuneration package of Directors and senior management during the year ended 31 March 2023. No Director or any of his/her associates is involved in deciding his/her own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 21 February 2019. As at the date of this report, the chairman of the Nomination Committee is Mr. C Tang, the Chairman and executive Director, and other members included Mr. Lui and Mr. Ho, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and independence of the independent non-executive Directors, review the Board Diversity Policy and the Nomination Policy and makes recommendations to the Board on appointment or re-appointment of Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 March 2023, the Nomination Committee held two meetings to review the composition of the Board, the independence of the independent non-executive Directors, the Board Diversity Policy and the Nomination Policy and make recommendations on the appointment and re-election of Directors.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was established on 21 February 2019. As at the date of this report, the chairman of the Audit Committee is Mr. Lui, the independent non-executive Director, and other members included Mr. Ho and Ms. Li, 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.

During the year ended 31 March 2023, the Audit Committee held four meetings to review and comment on the Company's annual results, interim results, quarterly results, as well as the Company's internal control procedures and risk management system and to make recommendations on the re-appointment of external auditor.

The Group's consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 March 2023, the Chairman held a meeting with the independent non-executive Directors without the executive Director present.

CORPORATE GOVERNANCE REPORT

Details of all Directors' attendance at the Board meetings and Board committees' meetings held during the year ended 31 March 2023 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
	Number of Meetings Attended/Eligible to Attend					
Executive Directors						
Mr. Tang Chun Ho Chandler	6/6	–	2/2	2/2	1/1	2/2
Ms. Sung Kwan Wun	6/6	–	–	–	1/1	2/2
Independent non-executive Directors						
Mr. Ho Lai Chuen	6/6	4/4	2/2	2/2	1/1	2/2
Mr. Lee Koon Tak *(resigned on 15 March 2023)*	6/6	4/4	2/2	2/2	1/1	1/1
Mr. Lai Man Hin *(resigned on 31 August 2022)*	3/3	2/2	–	–	1/1	–
Ms. So Siu Ying *(appointed on 31 August 2022 and resigned on 11 April 2023)*	2/2	2/2	–	–	–	2/2

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

Ms. Yim was appointed and resigned as the company secretary of the Group on 22 February 2019 and on 31 August 2022 respectively. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. C Tang, the executive Director, was the primary contact person who Ms. Yim contacted. Ms. Wong was appointed as the company secretary of the Group on 31 August 2022. Ms. Wong possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. C Tang, the executive Director, is the primary contact person who Ms. Wong contacts.

For the year ended 31 March 2023, Ms. Yim and Ms. Wong undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biography of Ms. Yim and Ms. Wong is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

INDEPENDENT AUDITORS' REMUNERATION

The fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$0.5 million and HK$0.2 million respectively for the year ended 31 March 2023 (2022: approximately HK$0.5 million and nil).

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

– Identify risks: Identify major and significant risks (including the ESG risks) that could affect the achievement of goals of the Group;

– Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

– Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the risk registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions (including ESG risks) has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2023 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Under Code Provision D.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company. The Board has reviewed the implementation and effectiveness of such policy during the year ended 31 March 2023 and considered the policy and its implementation are effective because the policy provides effective channels for shareholders to communicate their views with the Company and the Company has complied with the principles and required practices set out in the policy.

The Company has established several channels to communicate with the shareholders as follows:

(i) Corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange "www.hkexnews.hk" and the Company's website at "www.butaoramen.com";

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 March 2023, there is no significant change in the memorandum and articles of association of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

Tasty Concepts Holding Limited ("**We**" or the "**Company**") and its subsidiaries (collectively known as the "**Group**") have 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 its own brand to franchisees to operate ramen restaurants in the People's Republic of China (the "**PRC**") and Macau Special Administrative Region of the PRC ("**Macau**") and receive royalty fee and consultancy services income and income from sales of food and accessories products to franchisees; 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 a food producer, we are committed to delivering high-quality and safe food products and continuously meeting customers' expectations and complying with legal requirements.

ABOUT THIS REPORT

The Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") addresses a range of material impacts on the Group, outlines our sustainability approaches and discloses our ESG performances during the period from 1 April 2022 to 31 March 2023 (the "**Review Year**").

Our ESG Report is prepared according to the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The Group has complied with the "comply or explain" provisions set out in the ESG Reporting Guide in the Review Year. With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and key performance indicators ("**KPI**"), which are determined to be relevant and material to the Group, into six subject areas:

1. We and Our Environment
2. Commitment to Our Employees
3. Our Supply Chain Management
4. Commitment to Product Quality
5. Commitment to Ethics and Integrity
6. Giving Back to The Community

Owing to better and develop our reporting and strategic decision-making tools, we make reference to issues which matter to our stakeholders and business to be priorities. The foundation of our materiality assessment took reference to the ESG Reporting Guide and opinions gathered from our senior management based on their constant interaction with our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The ESG Report has been prepared based on four reporting principles, including materiality, quantitativeness, balance and consistency.

Materiality: The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered key issues concerned by different stakeholders.

Quantitative: Quantitative environmental and social KPIs are disclosed in the ESG Report so to enable stakeholders to comprehend the Group's ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate.

Balance: This ESG Report must provide an unbiased picture of the ESG performance of the Group. It should avoid selecting, omitting, or presenting formants that may inappropriately influence a decision or judgement by the reader.

Consistency: To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in detail in the corresponding sections.

REPORTING BOUNDARY

The board (the "**Board**") of directors (the "**Directors**") of the Company, with the assistance of the ESG executive group, has identified key ESG risks of the Group based on the consideration of a series of factors, such as business nature and scale, geographic location, regulatory requirements, operating practices and stakeholders' expectations. The key considerations taken by the Board include but not limited to:

- Our business headquarter and restaurants are located in Hong Kong;
- Our operation involves the production, processing and serving of hot food and drinks;
- Our production and processing arrangement involve emissions and the use of natural resources; and
- Our operation is subject to regulations related to food safety and environmental protection.

Based on our assessment, the reporting boundary for this ESG Report shall be set at the production, processing and serving functions of our Hong Kong operations. The reporting scope of the ESG Report covers the operation of the Group in Hong Kong, including 6 ramen restaurants, 1 Hong Kong style restaurant, 1 Sichuan-style restaurant and 1 Japanese-style restaurant.

FEEDBACK AND COMMENTS

The Group hopes that this ESG Report would inform the stakeholders of the performances of the Group on aspects besides financial results and business operations. We welcome all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performance. Please feel free to offer your comments and suggestions via email at info@butaoramen.com.

BOARD'S OVERSIGHT OF ESG GOVERNANCE

The Board of Directors (the "**Board**") has the overall responsibility for ESG strategy, materiality assessment, initiatives, policy and reporting of the Group. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

Sustainability focuses on meeting the needs of the present generation without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three major pillars: economic, environmental and social pillars. It is integrated into our operation as profits, environment and people. We have instilled in our employees the notion of sustainability which has become an integral part of our manufacturing and operational activities, seeing to deliver profit and environmental and social benefits in a continuous and synergistic manner.

To implement the ESG initiative and formulate our sustainability strategy, the Group has established a sustainability committee which comprises of senior management and other members staff with sufficient ESG knowledge, and the authority to promote a company-wide awareness of the importance of the Company's ESG efforts. The sustainability committee members span across various functional departments, including the operational, human resources and finance departments, aiming to ensure that the environmental and social responsibility considerations are integrated into our daily management decision as well as daily operation. The sustainability committee is also responsible for executing our ESG initiatives, collecting ESG-related data, calculating KPIs and reporting ESG-related matters across our major businesses and operations.

In order to better manage the Group's ESG performance, the Group has established environmental targets and goals. The progress of ESG target implementation and the ESG performance of the goals and targets are closely reviewed by the sustainability committee from time to time. Rectification may be needed if the progress falls short of expectations. Effective communication about the goals and target process with key stakeholders is essential, as this enables them to be engaged in the implementation process and to include them as part of the change that the Group aspires to achieve.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an incubator of our sustainable development plan, which is also an important step to gather valuable ideas about ESG issues for materiality assessment in order to sharpen the focus of our sustainability strategy. In preparing our ESG Report, we have primarily engaged major stakeholders through a number of channels. We believe that trust is built on effective communication. Ongoing interaction with stakeholders is an integral part of our day-to-day operations.

Our communication channels, such as comments left in our social platform, meetings and interviews, enable stakeholders to express their ideas, opinions and suggestions. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the community.

The Group is dedicated in enhancing the interaction and exchanges with external stakeholders, encourages them to engage more in the communication on sustainable development of the Group and shares their recommendations and expectations for the Group. The development of the sustainability strategy and vision are intended to be an iterative, ongoing process and we shall endeavor to provide future reports with further strengthening of corporate social responsibility and enhancement of environmental performance and resource efficiency within our operations.

With the goal of strengthening the management approach and performance of the Group, engaging with stakeholders and understanding their views would allow the Group to propel its business practice closer to the satisfaction of stakeholders' needs and expectations and properly manage opinions from different stakeholders. Accordingly, on top of our regular engagements, we have formulated plans to strengthen our stakeholder engagement process, including the intended use of an ESG survey and interview program, from which the information and feedback are collected and exchanged. These will further enable us to take appropriate actions and enhance our ESG initiatives and reporting.

MATERIALITY ASSESSMENT

We identified key issues based on the above summarized expectation and concerns from our stakeholders with reference to the ESG Reporting Guide and industry characteristics. The following are shortlisted key items from our materiality assessment regarding the level of importance and relevance to stakeholders and to the Group. Materiality assessment has been conducted to determine the strategies and directions for our sustainability, and to identify environmental and social issues that are most essential for the Group and the stakeholders. The following table illustrates material issues covered by this ESG Report, which formed a basis for the Group's ESG KPI management and disclosure.

"We and Our Environment"

- Energy Consumption
- Water Consumption
- Use of Packaging Materials

"Commitment to Our Employees"

- Employee Welfare
- Occupational Health and Safety

"Commitment to Product Quality"

- Quality Control Management
- Continuous Improvement on Service Satisfaction
- Protection of Intellectual Property Rights
- Complaint Handling

"Our Supply Chain Management"

- Suppliers' Capability and Management

"Commitment to Ethics and Integrity"

- Corporate Governance
- Anti-corruption

WE AND OUR ENVIRONMENT

The Group admits the need of striving a balance between business development and the environment. We commit to implement the ESG regulations, and stipulate its environmental responsibilities and commitments, aiming at the efficient use of natural resources and minimizing the environmental impacts of the resources consumed in its business operation.

The Group will continue to look for ways to reduce emissions and natural resource impacts from our operations. We aim to continually understand and assess our impacts and contributions for all ESG issues.

During the Review Year, the Group did not violate any environmental protection laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311, the law of Hong Kong);
- Waste Disposal Ordinance (Cap. 354, the law of Hong Kong);
- Water Pollution Control Ordinance (Cap. 358, the law of Hong Kong); and
- Noise Control Ordinance (Cap. 400, the law of Hong Kong).

USE OF RESOURCES

We use our resources efficiently, thereby reducing the costs and also for the benefit of our environment and workplace condition. Our management put conservative program into practice from 4 main aspects, namely promotion, inspection, monitoring and evaluation.

ENERGY CONSUMPTION

The Group is committed to improving overall energy efficiency and reducing energy consumption by implementing relevant measures. In the Review Year, purchased electricity and gas was consumed in the restaurants, central kitchen and office to support the daily operation.

To encourage energy-saving culture, old equipment in the kitchen will be replaced and upgraded with equipment with higher energy efficiency or ENERGY STAR®-rated. The Group adopts slow cook in our food processing in which water is the major media. Such a cooking methodology reduced significant amount of energy consumption and food waste during our operation. The Group also sets up a temperature monitoring system for fridges and freezers to avoid energy wastage. Regular cleaning of the cooking equipment can reduce building up of grease and carbon, thus increasing the efficiency.

In order to mitigate greenhouse gas emissions, we have set a reduction target to lower the electricity intensity by 2% from 2022 to 2026. Apart from the electricity consumption, the Group targeted to reduce the total gas consumption by 5% by 2026 with the baseline year of 2022. The Group will closely monitor the energy consumption such that we could identify potential areas for energy saving and achieve electricity reduction targets in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

WATER CONSUMPTION

Water is our major medium in food processing. We attach importance to water conservation in our daily operations. The major water consumption of the Group is for the production processes. We have established controls and procedures to ensure our water usage is within the reasonable range necessary for our productions without over-using concerns. Other water consumption is referring to office water consumption, which is considered minimal in quantity. The domestic sewage is discharged into the urban sewage pipe network.

The Group has set a reduction target to lower the water intensity by 5% by 2026, with the baseline year of 2022, by adopting the following measures to reduce water consumption. We have encouraged all employees to develop the habit of conserving water consciously.

We often explore effective ways of saving water in each segment of its operation. To improve the efficiency of water resources, water monitoring systems are installed to monitor the water usage and make adjustment as needed. Vacuum systems are regularly cleaned by the staff physically instead of using high-pressure hoses that push debris into drains. We regularly inspect our water taps, pipelines and storage tanks. Staff are also encouraged to report water leakage to the management. In case of leakage or malfunction, we will arrange for repair immediately to reduce water wastage, such as fixing dripping taps and leakage immediately.

In order to minimize the water consumption, a product recovery system has been invested by using pipeline Intervention gadgets (pig) or air blows to utilize the remaining product from pipes and tubes after production cycles. This contributes to a large reduction in water usage required for cleaning the pipes and leftover products.

Brooms and mops are widely used to clean the floor in all our working and production premise. The importance of saving water is also advocated among employees by posters and protocols. In the Review Year, the Group did not face any problems in sourcing suitable water, which is supplied by the government.

USE OF PACKAGING MATERIALS

The Group provides takeaway service to our customers, and the packaging materials used are carefully selected to avoid any burdens to our environment. To better control the consumption of packaging materials, we outsource the delivery service that allows us to order and use packaging materials in the best-estimated amount for avoiding over-ordering and wastage. The packaging materials we select are environmentally friendly with paper-based packaging and wooden cutlery.

To better control the level of the environmental impact of packaging materials, we select paper-based packaging materials that are made from sustainable forests whilst the ink used for printing is vegetable-based. In addition, we set out and exercise a policy that the packaging materials supplied to us must have passed related food-grade testing conducted by reliable inspection, verification, testing and certification organizations.

Our management also diligently designs our delivery service process and related packaging material uses in accordance with a "best-use and sufficiently enough" principle for the purpose of avoiding over-ordering and wastage of foods and packaging materials.

In the Review Year, in response to the environmental topic and reduction use of plastic products, the Group keeps implementing the No-Straw Policy that stopped providing straws to customers unless they request them from our staff.

	2023	2022	Unit
Direct and indirect energy consumption by type			
Direct energy consumption	**154.1**	231.1	GJ
Indirect energy consumption	**2,057.2**	1,388.5	MWh
Total energy consumption	**2,100.0**	1,452.7	MWh-e
Intensity (by revenue)	**49.6**	34.7	MWh-e/million HKD revenue
Water consumption in total and intensity			
Total water consumption	**15,029.0**	11,936.5	m^3
Intensity (by revenue)	**355.3**	285.0	m^3/million HKD revenue
Packaging material used for finished products			
Total packaging material used	**6.3**	7.1	tonnes
Intensity (by revenue)	**0.1**	0.2	tonnes/million HKD revenue

EMISSIONS AND CONSERVATION MEASURES

Emissions of the air pollutants, such as nitrogen oxide (NO_X), sulphur oxide (SO_X) and particulate matter (PM), are generated from the combustion of gas during the food processing stage and the combustion of fuels by the company-owned vehicles. While our cooking media are mostly with water and consume an immaterial amount of oil. In this regard, the composition of our kitchen's air emission is mostly steam generated by the boiling water, which is considered as causing insignificant impacts to the environment.

The Group's greenhouse gas ("**GHG**") emissions mainly come from the combustion of gas for food processing and energy indirect emissions. The main sources of the Group's GHG emissions were gas combustion directly ("**Scope 1 emissions**") during the food processing stage and the purchase of electricity indirectly ("**Scope 2 emissions**") to support our daily operation.

In addition to the GHG emissions mentioned in the previous section, there were certain amounts of solid wastes, including kitchen wastes, wastewater, plastics and paper generated by the Group from its administrative office, central kitchen, and restaurants. The non-hazardous wastes generated are usually collected and processed by general waste service providers. The Group did not produce any hazardous waste during its operation.

We are dedicated to reducing the emissions generated by our Group and have established relevant policies and initiatives, including:

1. restaurants adopt energy-efficient appliances, especially LED lights, to replace traditional energy-hungry equipment;

2. central kitchen applies a slow cooking system which promotes systematic control over energy and consumption in food processing; and

3. most of the ingredients are prepared in our central kitchen leaving minimal processing procedure in each restaurant, thereby greatly reducing resource consumption and waste generation.

In the Review Year, we have joined the "Food Wise Eateries" Scheme led by the Environmental Protection Department. The Group is awarded with an Impressive Progress Award in the scheme.

	2023	2022	Unit
Air emissions			
Nitrogen oxides (NO_X)	**2.8**	3.6	kg
Sulphur oxides (SO_X)	**0.1**	0.1	kg
Particulate matter (PM)	**0.2**	0.2	kg
Greenhouse gas emissions			
Scope 1 emissions	**10.6**	113.0	tonnes CO_2-e
Scope 2 emissions	**802.6**	665.7	tonnes CO_2-e
Scope 3 emissions	**9.4**	7.5	tonnes CO_2-e
Total greenhouse gas emissions	**822.6**	786.2	tonnes CO_2-e
Intensity (by revenue)	**19.4**	18.8	tonnes CO_2-e/million HKD revenue

WASTE MANAGEMENT

Owing to our concise serving menu, we can keep our cooking processes and ingredients simple and neat, leading to minimal amount of waste produced in our central kitchen and restaurants. In order to enhance the use of raw materials and reduce food waste effectively, we carried out most of the food processing procedures in our central kitchen. Therefore, most of the kitchen wastes were generated from customer's unfinished food.

Apart from the food waste, the non-hazardous wastes generated by the Group's business activities in offices are mostly paper and plastic. Electronic ordering system has been adopted to reduce the use of order paper in restaurants. Such wastes are usually collected and processed by general waste service providers. During the Review Year, the amount of non-hazardous waste produced by the Group has been deemed immaterial to our operations and is not included in the scope of this Report.

We are unable to set a target for waste reduction at the current stage.

The Group has yet to implement the reporting mechanism to gather information on non-hazardous waste generated. In the future, the Group would consider to implement a comprehensive data collection mechanism in respect of the non-hazardous waste disposed in order to enhance the management thereof.

Due to the business nature, the Group's operations do not generate significant amount of hazardous waste. Hazardous wastes, such as batteries and light bulbs, construct an insignificant quantity and did not include in the scope of this Report.

THE ENVIRONMENT AND NATURAL RESOURCES

We are active in promoting environmental awareness among our employees by encouraging them of the four principles of "**recycle**", "**reuse**", "**water saving**" and "**energy saving**".

We adopt slow cook in our food processing in which water is the major media where oil is rarely required. In our central kitchen and restaurants, steam is the major air emission in the course of boiling water. Such a cooking methodology reduced a significant amount of energy consumption and food waste during our operation. This cooking methodology also releases less heat and avoids higher temperatures compared to the equipment powered by gas, thus reducing the electricity consumption for air conditioning systems.

The Group spared no efforts to conserve resources and promote environmental protection, to improve our operational efficiency. Our management team strictly monitors, manages, and evaluates to make every possible improvement in our operation.

RESPONDING TO CLIMATE CHANGE

The Board is of the view that the Group is not subject to material climate-related risks and impacts. Although the Group does not perform a study on climate change effects or impact, we do provide various forms of resource conservation actions in our operations. The Group is not subject to material climate change-related risks and impacts. The Group continues to introduce technical refinements and innovations to fulfil targets for reducing, reusing, recycling and renewing natural resources, reducing emissions and waste, improving the utilisation efficiency of natural resources, and minimising their operations' effect on the environment and natural resources.

The Group understands the direct relationship between sustainable development and competitiveness. The energy consumed and waste generated by business activity make an impact on water, air, soil resources, and therefore on the ecosystem. The Group also recognises the importance of balancing economic, environmental and social needs. All Group subsidiaries continue to introduce technical refinements and innovations to fulfill targets for reducing, reusing, recycling and renewing natural resources, reducing emissions and waste, improving the utilisation efficiency of natural resources and minimising their operations' effect on the environment and natural resources.

The Group also established the Risk Management System to evaluate the physical risk of extreme climate situations, including typhoons, rainstorms and heat waves. Climate change can disrupt food availability, reduce access to food and affect food quality. Increases in the frequency and severity of extreme weather events can also interrupt food delivery, and resulting spikes in food prices after extreme events are expected to be more frequent in the future. Delayed delivery affected by extreme weather may affect the food availability in the restaurants and thus affect the revenue of the Group.

The change in the climate patterns, including temperature and precipitation level, may also affect the Group's supply chain and revenue. Higher temperatures resulted in higher electricity consumption, such as air conditioners, fridges and freezers, may incur extra operating costs.

In terms of legal risks, the Group expects that the laws and regulations related to climate change will be more stringent. For example, local governments may adopt more aggressive policies and measures to limit GHG emissions. Therefore, the Group might be exposed to legal risks and may need to bear higher operating costs to comply with regulatory changes. The Group will assess the likelihood and severity of the possible climate-related risks based on the Risk Management System and implement the preventive measure according to the matrix.

COMMITMENT TO OUR EMPLOYEES

EMPLOYMENT

We believe our employees are the Group's greatest asset and core competitive advantage. We constantly promote a harmonious and safe working platform for our employees.

The Group believes effective human resource management leads to better development for our business. A well-developed system enhances our targeted hiring and staffing, employee learning and education, and work allocation. We recruit our employees based on several factors, such as their work experience, educational background and vacancy needs.

Our goal is to provide and maintain a safe and equal working environment which promotes harmonious employer-employee relations. If any unfair treatment is discovered, the concerned employees should report the incident to the head of the human resources and administration department directly. Much effort is also given by the Group to safeguard the legitimate rights and interests of employees and cater to the developmental needs of employees.

The Staff Handbook of the Group has already set out policies in relation to recruitment, promotion, discipline, working hours and vacations; The human resources department is responsible for such implementation to confirm that the staff has a full understanding of the contents of the handbook. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every staff to grow with the Group.

Placing advertisements in the open market is the major recruitment channel regarding factors, such as their experience, qualifications, and expertise required for our business operations. The Group has a fair recruitment system which has already been set out by the Corporate Code of Conduct (the "**Code**") in which we only consider qualification, contribution and years of experience and never treat candidates differently based on gender, age, race, marital status and religious belief.

In addition, the Group has laid down the Salary Policy which established the remuneration system. According to the Salary Policy, salary is based on the worker's position, performance, contribution and ability, and modified by the Non-Executive Director in the Board meeting. At the same time, the remuneration standard is determined on the basis of specific conditions including but not limited to the job responsibilities of the employees, personal comprehensive capabilities (including work experience, academic qualifications, professional qualifications, etc.), personal work performance and contribution to the Group.

We believe our inclusive and supportive working environment and development opportunities have contributed to good employee relations and employee retention. In order to enhance employees' sense of belonging and team spirit, the Group will regularly arrange various types of employee activities, such as annual dinners. The Group strictly prohibits the employment of forced labour and child labour in our businesses and operation.

COMPLIANCE STATUS

In the Review Year, we have been in compliance with the laws and regulations in Hong Kong relevant to the Labour Standards, such as relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to:

- Employment Ordinance (Cap. 570, the law of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487, the law of Hong Kong);
- Sex Discrimination Ordinance (Cap. 480, the law of Hong Kong);
- Occupational Safety and Health Ordinance (Cap. 509, the law of Hong Kong);
- Regulation on Work-Related Injury Insurance (the law of Hong Kong);
- Minimum Wage Ordinance (Cap. 608, the law of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282, the law of Hong Kong); and
- Mandatory Provident Fund Scheme Ordinance (Cap. 485, the law of Hong Kong).

In the Review Year, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impacts on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

HEALTH AND SAFETY

To provide and maintain a safe and environmentally friendly working condition for employees, the Group has formulated a series of work safety rules in the Staff Handbook regarding safety and health which are in line with relevant laws and regulations in Hong Kong and PRC. In addition, occupational safety education and training are provided to employees to strengthen their safety awareness.

WORK SAFETY MECHANISM

We believe raising our employees' safety awareness is critical to minimize accidents. Therefore, work protocols and safety guidelines are provided for employees. With the goal to effectively managing occupational safety and health, the Group adopts appropriate and adequate tools in order to improve the effectiveness of the operation. Besides, the Group posts safety and operational instructions in conspicuous places, and thereby reducing the possibilities of significant occupational safety and health impacts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

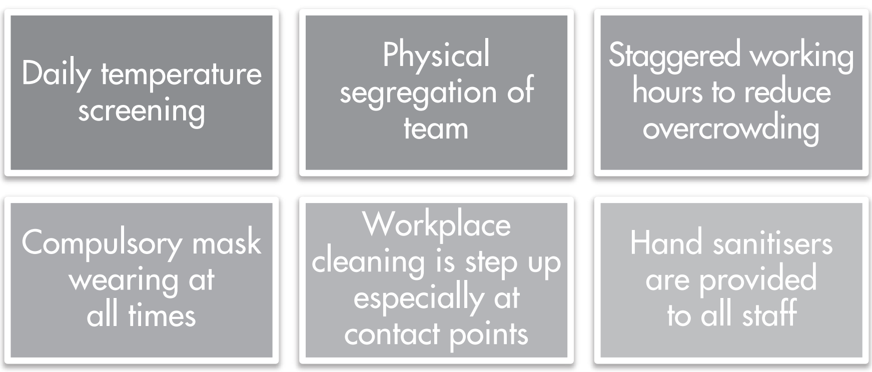
Examples of the Group's guidelines and policies of occupational safety and health are shown as below:

- Keep the grounds, entrances, and aisles clean and clear; do not accumulate items or waste.
- Find out safe handling procedures based on the size, shape and weight of the object. Use tools or find other colleagues to help.
- To avoid slipping and falling, grease or water on the floor must be dealt with as soon as possible and non-slip work shoes must be worn.
- Staff should wear protective clothing, such as cut-resistant gloves and aprons for work.
- Fire service equipment is installed and regularly inspected by the approved contractors to ensure that there is a sufficient amount of the equipment.

An occupational hazard can contribute to severe health problems among workers. Interventions in awareness-raising will be continued to minimize the risk of safety hazards.

OUR EFFORTS AND MEASURES AGAINST COVID-19

In relation to COVID-19, the Company and operations have fulfilled all the lockdown and quarantine requirements imposed. In addition, we have also established necessary precaution measures, including regularly sanitising our workplace premises, allowing flexible working arrangements, minimizing socializing, requiring compulsory mask-wearing and setting up a reporting mechanism to timely report suspected or confirmed infection cases of our employees and their associates. Certain work safety and health measures are enhanced, some protocols are highlighted below:



COMPLIANCE STATUS

In the Review Year, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group, including but not limited to Employees' Compensation Ordinance (Cap. 282, the law of Hong Kong) and Occupational Safety and Health Ordinance (Cap. 509, the law of Hong Kong). During the past three years, including the Review Year, the Group did not record any accidents that resulted in death or serious physical injury.

	2023	2022	2021
Number of work-related fatalities	**0**	0	0
Rate of work-related fatalities	**0%**	0%	0%
Lost days due to work injury	**0**	0	0

DEVELOPMENT AND TRAINING

We attach great importance to enhancing the quality and capability of our employees to improve the performance of the Group. Through a combination of orientation in-house training and on-the-job training, the Group strives to make sure that all employees are equipped with operational abilities. It brings diversified development opportunities to each employee as well. The Group continues to provide employees with induction training, industry trend, catering knowledge, complaint handling methods and management skills, so as to improve their skills and sense of belonging to the Group.

In the Review Year, much efforts are provided in the form of on-the-job training rather than formal training hour. We did not conduct any formal in-house training for our employees in the Review Year followed by the Hong Kong Government's anti-epidemic strategy, which encourages social distancing.

The growth of our employees is the key that leads to sustainable business growth. All employees are equally applied to a well-defined evaluation procedure and promotion ladder for their career development. Our compensation packages are constantly reviewed. A probationary evaluation is regularly performed on assessing employees' capability and performance as well. We recognise and believe that talent retention is essential in helping us to improve our development and operation more efficiently.

LABOUR STANDARDS

The Group strictly prohibited the use of child or forced labour. In order to prevent the illegal use of child or forced labour, the human resources department requires candidates to provide effective identification certification before confirmation of employment to ensure they can be employed according to the law.

If there are any cases of forced labour, child labour and illegal immigrant labour on staff, employment with all these candidates will be immediately terminated. The Group would also take responsibility for the investigation.

COMPLIANCE STATUS

In the Review Year, the Group was not found in violation of any relevant laws and regulations in relation to the prevention of child and forced labour. For the coming year, we will maintain our zero tolerance for forced and child labour, including the Employment Ordinance (Cap. 57, the law of Hong Kong) and Immigration Ordinance (Cap. 115, the law of Hong Kong).

OUR SUPPLY CHAIN MANAGEMENT

The Group aims to develop long-term relationships with suppliers and contractors based on the principle of fair and open competition. The Group maintains comprehensive procurement and storage management policy to acquire goods and services through an objective-oriented process. When sourcing items for our ingredients, we prioritize suppliers and subcontractors based on their background, pricing, service, quality, reputation, and after-sales support, as well as environmental protection considerations.

A set of criteria is strictly followed. We regularly review and update the evaluation criteria when needed. The ultimate goal is to ensure that our suppliers, especially raw materials category, are required to be in full compliance with the latest food labelling, hygiene, and sanitary regulations. In the evaluation process and thereafter, suppliers are required to provide relevant supporting documents (food sample or certificate for same item) or through field inspection, to ensure the requirements of the Group are met. If we found unqualified raw materials, we generally return the materials.

We apply a procurement authority based on the amount of the purchase. The cost of purchase which is below HKD$20,000 will be approved by the procurement manager and the purchase which costs above HKD$20,000 should be approved by the Chief Executive Officer of the Company.

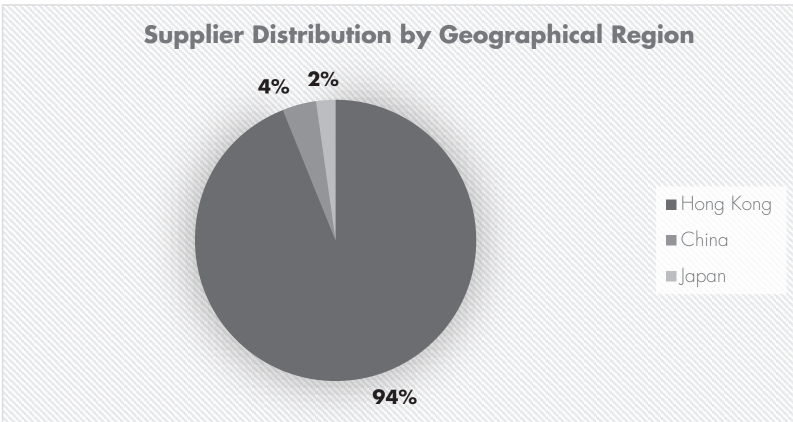
Before admitting a new supplier, a set of evaluation checklists and due diligence will be conducted to examine its background, reputation and business capabilities. The checklist covers issues including but not limited to product quality and stability, overall supplier's reputation and delivery time of potential supplier, price factor and discounts, etc. Suppliers are also required to minimise the negative impacts on the environment during their operations and strengthen monitoring of environmental issues. Once the selection of a new supplier or subcontractor is confirmed, approval from management is needed before becoming one of our approved suppliers. Qualified suppliers will be registered in our record. The approved list of suppliers is documented in the procurement department and accounting department.

Meanwhile, the Group pays close attention to the environmental and social risks in the supply chain. Aligning to the sustainability principle, the Group proactively works with suppliers that are environmentally and socially responsible. We advocate green procurement to maximize the use of environmentally preferable products in our daily operations whenever possible. All procured materials used were environmentally friendly and non-hazardous, which protect our land and water from being contaminated during disposal. For example, the packaging materials we select are environmentally friendly with paper-based packaging made from sustainable forest whilst the ink used for printing is vegetable-based.

Apart from that, the procurement department constantly reviews the terms with existing suppliers and subcontractors and takes necessary precautionary measures when applicable. Regular evaluation of the quality, supply, price and delivery time of the supplier's products will be conducted. The procurement department should choose the qualified suppliers on the list when the cost of purchase is below a certain amount. If there is any act deviating from the procurement policy, it must be approved by the Chief Executive Officer of the Company and the reason for deviant should be indicated.

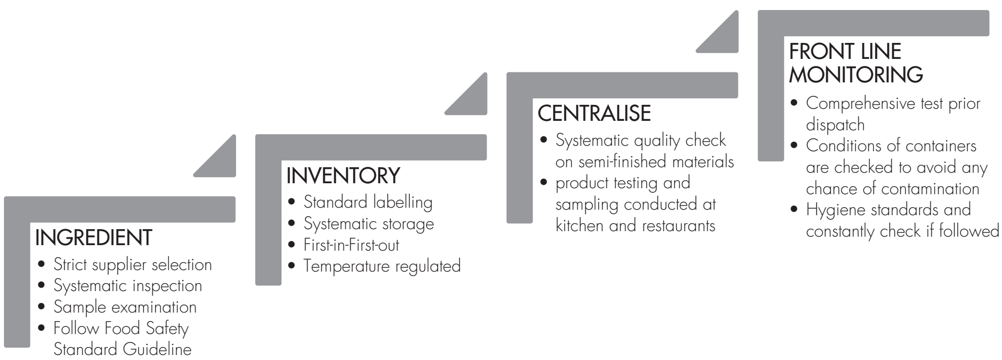
To manage the risks of supplies in terms of climate change, harvest, price, quality and traffic, we have established a diversified supplier base for each major type of key raw materials. We prioritise the consideration of local subcontractors and suppliers to reduce the emission from logistics, to effectively reduce the emission raised from material transportation.

In the Review Year, our major raw materials were sourced from 91 suppliers, of which 85 were located in Hong Kong, 4 in the PRC and 2 in Japan, collectively known as our critical suppliers. The monitoring practices mentioned above applied to 22 of the suppliers along the supply chain. In overall, we believe we have established a reliable source comparable alternative within Hong Kong, the PRC and other foreign countries.



COMMITMENT TO PRODUCT QUALITY

We are committed to produce high quality food and drinks. Due to the nature of the food industry, there is an inherent risk of food contamination, complaints, and quality inconsistency filed by our customers. As our central kitchen process the majority of the semi-processed or processed food ingredients used in our Group's restaurants, it may cause food contamination during the transportation from our central kitchen to our restaurants and dinning in our restaurants. To be a successful dinning service provider, the Group is committed to ensuring that the food ingredients are safe, fresh and of quality upon delivery, in storage, and during processing. Our four levels of safeguard are:



To reduce such inherent risk, comprehensible standards for food safety, hygiene and quality control measures are implemented throughout our entire food processing chain. In order to ensure that high-quality food and excellent service are provided among different branches, a complete set of product management and service management systems has been formulated. Amongst all, we focus on observing proper hygiene standards and other quality control measures that would affect our food quality with our preset standards.

In the Review Year, a qualified person is appointed in every restaurant and central kitchen of our Group to strengthen food safety supervision. These people take up the post of hygiene manager or hygiene supervisor to satisfy the requirement in "A Guide to Application for Restaurant Licences" (September 2016 Edition) of the Food and Environmental Hygiene Department of Hong Kong. In the Review Year, there was no product subject to recalls for safety or health reasons and the Group was not aware of any non-compliance with relevant laws and regulations regarding product responsibility.

QUALITY CONTROL MANAGEMENT

The Group pay a great attention in managing and delivering our products to our consumers. All restaurants of the Group strictly complied the internal quality and safety control standards which guarantee the safety of products and health of diners. Key measures are as follows:

QUALITY	COMPLIANCE	HYGIENE
• Maintain and refine operating procedure. • Inspect and examine on every stage of completion.	• Food safety aspect: Assess if the quality and food safety management system are reliable and sufficient.	• Operational procedure and assessment set. The hygiene and temperature inside the delivery vehicles are monitored and constantly check to minimise the risks of contamination.

FOOD QUALITY MONITORING

The Group established operating procedures and quality standards to manage the stages of food preparation. Knives, chopping boards, and ingredient containers are well separated by colors to void cross contamination. Restaurants staff takes samples includes soup consistency, ingredient freshness and noodle condition to examine food quality before store opening. Inspection and documentation of ingredient are needed when it received from central kitchen and supplier.

FOOD PRODUCTION

To ensure food safety and quality, a quality control standard is adopted in cooking process. It is required to inspect the quality of all food ingredients according to the freshness, size and date of use. Kitchen staff should produce food by following the standardized product recipe. The temperature of soup and sauces should be examined. After the production, the product would will be quickly freezed and stored in a freezer.

TRANSPORTATION OF INGREDIENTS

To guarantee the quality of ingredients during transportation, the Group requests suppliers should monitor the hygiene and temperature of trucks. Before being delivered to restaurants, staff must record and inspect the temperature and cleanliness of trucks, and the temperature of ingredients.

STAFF HYGIENE CONTROL

Food handlers must sterilise their hands before processing food ingredients and wear gloves when processing ready-to-eat food. Restaurant staff must wear headband when handling food. Employees should report any contagious health condition, including diarrhea, vomiting, wounds infection, or nasal discharge. Smoking is prohibited at or near the working area.

RESTAURANT HYGIENE CONTROL

All restaurants have adhered to the basic quality and control management principles of the Group and implemented the following procedures to ensure high quality and safety of its product to customers. It is required to clean the dining areas, cold storages, freezer, range hoods, extractor fans and cooking utensils regularly. The use of rag is divided into colours based on different working area to avoid contamination of food, food-related equipment and utensils.

LISTENING TO CUSTOMERS

Actively collecting customer's feedbacks allows us to have a better understanding of the taste and demand of our customers, thus improving our food and service quality. In the Review Year, we provided numbers of campaign to enhance our relationship with our customers. We are devoted to make great customer experience via our customer retention strategy.

The Group has set up various complaints and feedback channels to collect suggestions and advice from customers, which include our social media platform (i.e. Facebook page), our corporate email and the marketing hotline. Our marketing department is responsible to investigate any problem arise, and take follow-up action and solutions to improve the restaurant. The Group establishes a complaint guideline for frontline staff, managers and the marketing department to handle complaints whenever they are received. Regarding the guideline, the Group will investigate each complaint and resolve it with the customer. While dealing with comments about food quality, we will first communicate with the restaurant manager to understand any abnormalities in the ingredients. After that, we analyse the fact that causes these unsatisfactory situations. Finally, we instruct the relevant branches to pay attention to the quality of ingredients and provide compensation. In the Review Year, we receive 3 complaints from our customers regarding our services and products and all of them had been resolved.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Group understands the importance of respecting copyright. Every employee must abide by the current Hong Kong laws in the workplace, and all original works must be protected under the Copyright Ordinance. This work may not be reproduced or posted in the branch without the authorization of the copyright holder. All employees must comply with the provisions of the regulations related to intellectual property rights and copyright. Unauthorized use of copyright-infringing works during employment may result in civil or criminal liability. The Group observes the Trade Marks Ordinance (Cap. 559, the law of Hong Kong), Patents Ordinance (Cap. 514, the law of Hong Kong) and Copyright Ordinance (Cap. 528, the law of Hong Kong).

PRIVACY PROTECTION

As we place great emphasis on the privacy protection of our customers, the Group has strictly implemented Personal Data (Privacy) Ordinance (Cap. 486 of the Law of Hong Kong) to strictly protect customers' data and privacy while providing services to customers. Customer data security management primarily ensures the safe storage and use of customer data, including documents, communication records and contact information.

A designated staff is appointed by the Group for proper safekeeping customers' data and maintaining the relevant systems for processing and storing data. As the Group's operations depend on working with business partners, all directors and employees must respect the confidentiality of such personal data and ensure that the Group's personal data policy is followed.

The Group has implemented a confidential data security policy in which all collected personal data is treated confidentially and kept securely. It also stipulates customer data can only be used for the provision of services to customers or internal managerial purposes in an anonymous manner.

ADVERTISING AND LABELLING

The Group has established internal guidelines which ensure our marketing department provides precise product descriptions and information that comply with the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012. Each internal packaged of product must be labelled with information, including product name, expiry date, and storage temperature. Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited.

COMPLIANCE STATUS

In the course of business, we only collect and maintain basic and public information of our customers. On this basis, data privacy is not material as we consider that we have a low-risk impact on it. Regardless, our collection, maintenance, and usage of customer information are in line with the Personal Data (Privacy) Ordinance (Cap. 486, the law of Hong Kong). The Group also complied with the Trade Marks Ordinance (Cap. 559, the law of Hong Kong), Patents Ordinance (Cap. 514, the law of Hong Kong) and Copyright Ordinance (Cap. 528, the law of Hong Kong). In the Review Year, we did not violate relevant laws and regulations that have a material impact on the Group.

COMMITMENT TO ETHICS AND INTEGRITY

ANTI-CORRUPTION

The Group attaches great importance to staff integrity and instructs employees to conduct duties in good faith, ethical and lawful manner. To maintain a fair, ethical, and efficient business and working environment, the building of related systems and processes, such as those of procurement and the comprehensive internal audit of the Group, are consistently enhanced. We strictly abide by:

- Prevention of Bribery Ordinance (Cap. 201, the law of Hong Kong);
- Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405, the Law of Hong Kong); and
- the Organized and Serious Crimes Ordinance (Cap 455, the Law of Hong Kong).

Employees shall not solicit or receive any form of benefit or gift from any external business partners, unless such benefit is of nominal or non-cash value, such as promotional or advertising souvenirs, or is of modest value and available for festival gifts, such as gift baskets, bouquets, etc. Any employee who receives or provides gifts with a value of more than HK$500 must declare the details in the specified declaration form and be approved by the supervisor.

CONFLICT OF INTEREST

We prohibit all forms of bribery, extortion, fraud and money laundering and encourage reporting of non-compliance incidents or potential conflicts of interests to our senior management and/or independent internal audit function by our stakeholders. Any material non-compliance with our protocol may result in summary dismissal and/or court actions.

REPORTING AND MONITORING

All employees must adhere to the clauses set out in the Staff Handbook which delineates the behaviours and situations in the business expected of the employees. We have a whistle-blowing practice and strongly encourage reporting to the management when employees are likely to accept gifts from clients, suppliers or subcontractors.

The Whistleblowing Policy allows the employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group. The policy ensures that all whistleblowers who make truthful and appropriate reports will be treated fairly. In addition, the Group will ensure that employees are not unfairly dismissed, harmed or improperly disciplined. Once case is identified, all corruption activities are handled by the Audit Committee rigorously, with penalties ranging from warnings and reduction of compensation to termination of employment for the employees concerned, depending on the severity of offences.

The management of the Group understands the importance of whistle-blowing policy and system and hence, is in the plan of formulating a more stringent whistle-blowing policy that will meet the expectation of the market and our stakeholders.

ANTI-CORRUPTION TRAINING

The Company has continued to work on the rotation plan of anti-corruption training in the Review Year. We intend to provide anti-corruption training, through professional organisations, to our Directors and management and front-line shop managers first, and then gradually extend such training to our staff on a 4-year rotation plan targeting to attain 100% training coverage in 4 years from 2022. The Group will make this policy available to all employees on the company intranet.

A training program incorporating the AML/CFT principles and methods adopted by the Group will be provided to all employee. Regular training on anti-money laundering measures will be provided to all business units and details of the company's whistle-blowing procedures will be regularly disseminated throughout the Group. During the Review Year, the Group provided a total of 11 hours of anti-corruption training to 100% of the Directors and 4% of the employees.

COMPLIANCE STATUS

In the Review Year, we did not acknowledge and encounter any anti-corruption incidents, reporting, enforcement and/or legal proceedings against the Group, Directors and employees. We were not aware of any non-compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, in all material aspects.

GIVING BACK TO THE COMMUNITY

As a member of the society, the Group is constantly aware of the needs of the community and takes up our corporate responsibility to contribute to the society. We strive to develop long-term relationships with our stakeholders and bring a positive impact on community development. In the future, the Group will continue to assume corporate social responsibilities and contribute to the sustainable development of society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Aspects[1]		2023	2022	Unit
Aspect A1: Emissions				
A1.1	**The types of emissions and respective emissions data**			
	Nitrogen oxides (NO_X)[2]	**2.8**	3.6	kg
	Sulphur oxides (SO_X)	**0.1**	0.1	kg
	Particulate matter (PM)	**0.2**	0.2	kg
A1.2	**Greenhouse gas emissions in total and intensity[3]**			
	Scope 1 emissions[4]	**10.6**	113.0	tonnes CO_2-e
	Scope 2 emissions[5]	**802.6**	665.7	tonnes CO_2-e
	Scope 3 emissions[6]	**9.4**	7.5	tonnes CO_2-e
	Total greenhouse gas emissions	**822.6**	786.2	tonnes CO_2-e
	Intensity (by revenue)[7]	**19.4**	18.8	tonnes CO_2-e/ million HKD revenue
Aspect A2: Use of Resources				
A2.1	**Direct and/or indirect energy consumption by type**			
	Direct energy consumption	**154.1**	231.1	GJ
	Indirect energy consumption	**2,057.2**	1,388.5	MWh
	Total energy consumption	**2,100.0**	1,452.7	MWh-e
	Intensity (by revenue)	**49.6**	34.7	MWh-e/million HKD revenue
A2.2	**Water consumption in total and intensity**			
	Total water consumption	**15,029.0**	11,936.5	m^3
	Intensity (by revenue)	**355.3**	285.0	m^3/million HKD revenue
A2.5	**Packaging material used for finished products**			
	Total packaging material used	**6.3**	7.1	tonnes
	Intensity (by revenue)	**0.1**	0.2	tonnes/million HKD revenue

1 The environmental KPIs are calculated in accordance with the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2 The emissions of nitrogen oxides mainly came from the combustion of diesel, unleaded petrol and Gas.

3 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited.

4 Major sources of Scope 1 emissions mainly came from the usage of diesel, Gas, refrigerants and unleaded petrol.

5 Major sources of Scope 2 emissions mainly came from the use of purchased electricity and the consumption of Gas.

6 Major sources of Scope 3 emissions mainly came from the electricity used for freshwater and sewage processing.

7 Intensity is calculated based on the Group's revenue in 2023 (approximately HK$42.3 million) and 2022 (approximately HK$41.9 million).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Aspects[8]			2023	2022	Unit
Aspect B1: Employment					
B1.1	**Total workforce**				
	Total number of employees		**114**	76	employee
	By gender	Female	**59**	34	employee
		Male	**55**	42	employee
	By employment type	Full-time	**78**	56	employee
		Part-time	**36**	20	employee
	By age group	Below 30 years old	**38**	23	employee
		30-49 years old	**52**	37	employee
		50 years old or above	**24**	16	employee
	By ranking	Managerial grade and above	**4**	8	employee
		Operation and front-line staff	**97**	56	employee
		General and administrative	**13**	12	employee
	By geographical region	Hong Kong	**105**	76	employee
		China	**9**	0	employee
B1.2	**Employee turnover rate[9]**				
	Total employee turnover rate		**35%**	88%	%
	By gender	Female	**41%**	118%	%
		Male	**29%**	64%	%
	By employment type	Full-time	**46%**	38%	%
		Part-time	**11%**	230%	%
	By age group	Below 30 years old	**42%**	0%	%
		30-49 years old	**37%**	38%	%
		50 years old or above	**21%**	25%	%
	By ranking	Managerial grade and above	**75%**	0%	%
		Operation and front-line staff	**35%**	114%	%
		General and administrative	**23%**	25%	%
	By geographical region	Hong Kong	**38%**	88%	%
		China	**0%**	–	%

8 The social KPIs are calculated in accordance with the "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

9 The calculation of the turnover rate is shown below and the rate may exceed 100%:
Turnover rate = L/E * 100%
L = Number of employees leaving employment during the Reporting Year
E = Number of employees at the end of the Reporting Year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Aspects[8]			2023	2022	Unit
Aspect B2: Health and Safety					
B2.1	Number of work-related fatalities		**0**	0	no.
	Rate of work-related fatalities		**0%**	0%	%
B2.2	Lost days due to work injury		**0**	0	day
Aspect B5: Supply Chain Management					
B5.1	Number of suppliers by geographical region				
	Total number of suppliers		**91**	77	supplier
	By geographical region	Hong Kong	**85**	71	supplier
		China	**4**	4	supplier
		Japan	**2**	2	supplier
Aspect B6: Product Responsibility					
B6.2	Number of products and service-related complaints received		**0**	3	no.
Aspect B7: Anti-corruption					
B7.1	Number of concluded legal cases regarding corruption		**0**	0	case
B7.3	**Anti-corruption training**				
	Number of anti-corruption training sessions		**4**	1	no.
	Total number of training hours related to anti-corruption		**11**	3	hour
	Percentage of directors with anti-corruption training		**100%**	100%	%

CONTENT INDEX OF ESG GUIDE

Aspects, General Disclosures and KPIs	Description	Reference
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	We and Our Environment – Emissions and Conservation Measure
KPI A1.1	The types of emissions and respective emissions data	Summary of Key Performance Indicators
KPI A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Summary of Key Performance Indicators
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	We do not have material hazardous waste produced.
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	The Group is assessing and will provide relevant information when necessary.
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	We and Our Environment – Emissions and Conservation Measures
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	No reduction target was set during the Review Year.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	We and Our Environment – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Summary of Key Performance Indicators
KPI A2.2	Water consumption in total and intensity	Summary of Key Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	We and Our Environment – Use of Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Reference
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	We and Our Environment – Use of Resources
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Summary of Key Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	We and Our Environment – The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	We and Our Environment – The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	We and Our Environment – Responding to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	We and Our Environment – Responding to Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on:	
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Commitment to Our Employees – Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Summary of Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Summary of Key Performance Indicators

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Reference
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Commitment to Our Employees – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred	No work-related fatalities occurred in the past three years.
KPI B2.2	Lost days due to work injury	No lost days due to work Injury.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Commitment to Our Employees – Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Commitment to Our Employees – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category	We did not perform or provide formal training in the Review Year.
KPI B3.2	The average training hours completed per employee by gender and employee category	We did not have formal training and record on informal on-the-job training in the Review Year.
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Commitment to Our Employees – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Commitment to Our Employees – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered	No violation was noticed.

Aspects, General Disclosures and KPIs	Description	Reference
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Our Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Summary of Key Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Our Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Commitment to Product Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to our product nature, product recall is not applicable. Please refer to the section "Commitment to Product Quality" for details.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Commitment to Product Quality – Listening to Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Commitment to Product Quality – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures	Commitment to Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Commitment to Product Quality – Privacy Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Reference
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Commitment to Ethics and Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	We did not have any legal cases regarding corrupt practices in the Review Year.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Commitment to Ethics and Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff	Commitment to Ethics and Integrity
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Giving Back to the Community
KPI B8.1	Focus areas of contribution	Assessment will be performed according to the social and economic change and needs.
KPI B8.2	Resources contributed to the focus area	The company is assessing and will be provided when necessary.

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF TASTY CONCEPTS HOLDING LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tasty Concepts Holding Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 76 to 133, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue from operation of restaurants	
We identified revenue from operation of restaurants as a key audit matter, due to its magnitude and the characteristics of the Group's industry nature. The recording of revenue involves high volume of small amount transactions from operation of restaurants to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition in relation to revenue from operation of restaurants is disclosed in note 4 to the consolidated financial statements. For the year ended 31 March 2023, revenue from operation of restaurants amounted to HK$38,786,000 (2022: HK$37,326,000) with details set out in note 6 to the consolidated financial statements. As the vast majority of revenue was settled in cash, electronic or mobile payments, we focused on the reconciliation of daily sales report to cash receipts and electronic or mobile settlements.	Our procedures in relation to revenue from operation of restaurants included: • Obtaining an understanding of the Group's revenue recognition policy for the operation of restaurants; • Obtaining an understanding of the revenue business processes and key controls, and testing the key manual and information technology controls for revenue recognition in relation to revenue from operation of restaurants; and • Testing the revenue from operation of restaurants by tracing revenue recognised for restaurant operations to daily sales reports and cash receipts and electronic or mobile settlements, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

Key audit matter **Impairment of property and equipment and right-of-use assets**	How our audit addressed the key audit matter
We identified the impairment of property and equipment and right-of-use assets as a key audit matter due to significant management judgements involved in the impairment assessment. During the year ended 31 March 2023, certain restaurants of the Group underperformed and incurred losses, which indicated that property and equipment and right-of-use assets of those restaurants may be impaired. Determining whether property and equipment and right-of-use assets were impaired required an estimation of the value in use of each cash-generating unit ("**CGU**") to which the property and equipment and right-of-use assets belong. The management considers each restaurant as an individual CGU as each restaurant generates independent cash flows, which are largely independent of the cash flows generated by other assets. The value in use of each CGU was determined by the management based on the operating cash flows forecast of the individual CGU. The evaluation process is inherently subjective, and dependent on a number of estimates such as the revenue growth rate and discount rate. During the year ended 31 March 2023, impairment losses of HK$251,000 and HK$2,091,000 (2022: HK$5,341,000 and HK$5,465,000) in respect of property and equipment and right-of-use assets have been recognised respectively. The significant accounting judgements and estimates and disclosure of balance of property and equipment and right-of-use assets are included in notes 5, 15 and 16 respectively to the consolidated financial statements.	Our procedures in relation to the impairment of property and equipment and right-of-use assets included: • Understanding how management performs impairment assessment on property and equipment and right-of-use assets; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including evaluating the reasonableness of the budgeted revenue, budgeted gross margins, expected growth rate with reference to the past performance and management's expectation, and evaluating the suitability of the discount rate used; • Evaluating the historical accuracy of the cash flow forecast and actual performance for the year and future prospect from the CGU; and • Evaluating the potential impact of the impairment assessment based on sensitivity analysis of the budgeted revenue.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Ho Fung.

D & PARTNERS CPA LIMITED
Certified Public Accountants

Wong Ho Fung
Practising Certificate Number: P07542

Hong Kong
28 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	NOTES	Year ended 31 March 2023 HK$'000	2022 HK$'000
Revenue	6	**42,273**	41,876
Cost of inventories		**(10,213)**	(10,185)
Other income	7	**1,755**	1,678
Other gains and losses	7	**1,187**	6,674
Staff costs		**(21,860)**	(20,245)
Rental and related expenses		**(1,814)**	(2,454)
Depreciation and amortisation		**(4,077)**	(6,388)
Other expenses		**(13,952)**	(14,213)
Impairment losses	8	**(2,342)**	(10,806)
Finance costs	9	**(735)**	(692)
Loss before taxation	10	**(9,778)**	(14,755)
Taxation	12	**39**	(1,047)
Loss for the year		**(9,739)**	(15,802)
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		**144**	(26)
Total comprehensive expense for the year		**(9,595)**	(15,828)
Loss for the year attributable to:			
– owners of the Company		**(9,650)**	(13,833)
– non-controlling interests		**(89)**	(1,969)
		(9,739)	(15,802)
Total comprehensive expense for the year attributable to:			
– owners of the Company		**(9,506)**	(13,859)
– non-controlling interests	33	**(89)**	(1,969)
		(9,595)	(15,828)
			(Restated)
Loss per share			
Basic and diluted (HK cents)	14	**(18.05)**	(27.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	NOTES	As at 31 March 2023 HK$'000	2022 HK$'000
Non-current assets			
Property and equipment	15	**3,763**	310
Right-of-use assets	16	**10,060**	1,778
Intangible assets	17	**–**	–
Deposits	19	**2,326**	1,740
Deferred tax assets	24	**–**	–
		16,149	3,828
Current assets			
Inventories	18	**590**	612
Trade and other receivables, deposits and prepayments	19	**5,747**	5,886
Bank balances and cash	20	**6,594**	11,619
		12,931	18,117
Current liabilities			
Trade and other payables and accruals	21	**6,903**	5,257
Tax payable		**75**	60
Bank borrowing	22	**149**	1,016
Amount due to a shareholder	31	**5,540**	–
Lease liabilities	23	**6,381**	6,647
Provisions	25	**253**	159
		19,301	13,139
Net current (liabilities)/assets		**(6,370)**	4,978
Total assets less current liabilities		**9,779**	8,806
Non-current liabilities			
Lease liabilities	23	**7,891**	3,007
Provisions	25	**157**	228
Deferred tax liabilities	24	**–**	54
		8,048	3,289
Net assets		**1,731**	5,517
Capital and reserves			
Share capital	26	**5,500**	5,000
Reserves		**(1,711)**	2,486
Equity attribute to owners of the Company		**(3,789)**	7,486
Non-controlling interests	33	**(2,058)**	(1,969)
Total equity		**(1,731)**	5,517

The consolidated financial statements on pages 76 to 133 were approved and authorised for issue by the Board of Directors on 28 June 2023 and are signed on its behalf by:

Tang Chun Ho Chandler *Director*	Sung Kwan Wun *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company									
	Share capital HK$'000	Share Premium HK$'000	Other reserve HK$'000 *(Note i)*	Statutory reserve HK$'000 *(Note ii)*	Share options reserve HK$'000 *(Note iii)*	Translation reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2021	5,000	64,646	9,107	26	–	(92)	(57,342)	21,345	–	21,345
Loss for the year	–	–	–	–	–	–	(13,833)	(13,833)	(1,969)	(15,802)
Other comprehensive expense for the year	–	–	–	–	–	(26)	–	(26)	–	(26)
Total comprehensive expense for the year	–	–	–	–	–	(26)	(13,833)	(13,859)	(1,969)	(15,828)
At 31 March 2022	5,000	64,646	9,107	26	–	(118)	(71,175)	7,486	(1,969)	5,517
Loss for the year	–	–	–	–	–	–	(9,650)	(9,650)	(89)	(9,739)
Other comprehensive expense for the year	–	–	–	–	–	144	–	144	–	144
Total comprehensive expense for the year	–	–	–	–	–	144	(9,650)	(9,506)	(89)	(9,595)
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 March 2023	5,500	69,955	9,107	26	–	26	(80,825)	3,789	(2,058)	1,731

Notes:

*(i) On 31 July 2014, Butao Ramen Limited ("**Butao Ramen**"), a wholly-owned subsidiary of the Company, which owned 60% equity interest of Butao Ramen International Holdings Limited ("**Butao Ramen BVI**"), acquired 40% equity interest in Butao Ramen BVI from an independent non-controlling shareholder at a cash consideration of HK$1 and resulting a surplus of HK$2,050,000 crediting to other reserve. Upon the completion of transaction, Butao Ramen BVI became the wholly-owned subsidiary of Butao Ramen until 31 March 2015, Butao Ramen disposed of 100% interests of Butao Ramen BVI to Mr. Tang Chun Ho Chandler ("**Mr. C Tang**").*

*(ii) 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.*

(iii) 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March 2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(9,778)**	(14,755)
Adjustments for:		
Gain on termination of lease contract	**(1,202)**	(7,871)
Imputed interest income	**(145)**	(137)
Bank interest income	**(11)**	(2)
Finance costs	**735**	692
Depreciation of property and equipment	**313**	1,805
Depreciation of right-of-use assets	**3,764**	4,583
Equity-settled share-based payments	**2,019**	–
Written-off of trade receivables	**–**	1,224
Impairment loss on property and equipment	**251**	5,341
Impairment loss on right-of-use assets	**2,091**	5,465
Operating cash flows before movements in working capital	**(1,963)**	(3,655)
Decrease in inventories	**22**	79
Increase in trade and other receivables, deposits and prepayments	**(73)**	(268)
Increase/(decrease) in trade and other payables and accruals	**1,646**	(2,560)
Increase/(decrease) in provisions	**23**	(463)
Cash used in operations	**(345)**	(6,867)
Hong Kong Profits Tax and PRC Enterprise Income Tax ("**EIT**") paid	**–**	(2)
Hong Kong Profits Tax refund	**–**	2,669
NET CASH USED IN OPERATING ACTIVITIES	**(345)**	(4,200)
INVESTING ACTIVITIES		
Purchases of property and equipment	**(4,017)**	(4,409)
Bank interest received	**11**	2
(Payments)/refund for rental deposits, net	**(435)**	991
Proceeds from disposal of right-of-use asset	**907**	–
NET CASH USED IN INVESTING ACTIVITIES	**(3,534)**	(3,416)
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(9,018)**	(8,359)
Interests paid	**(735)**	(692)
Repayments of bank borrowing	**(867)**	(829)
Proceed from exercise of share option	**3,790**	–
Advance from a shareholder	**5,540**	–
NET CASH USED IN FINANCING ACTIVITIES	**(1,290)**	(9,880)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,169)**	(17,496)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**11,619**	29,141
Effect of foreign exchange rate changes	**144**	(26)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**6,594**	11,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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**"). As at 31 March 2023, the immediate holding company of the Company is Brilliant Trade Enterprises Limited ("**Brilliant Trade**"), which was incorporated in the British Virgin Islands ("**BVI**"), and 35%, 35%, 15% and 15% owned by Mr. C Tang, Mr. Tang Hing Chee ("**Mr. HC Tang**"), father of Mr. C Tang, Ms. Tai Shiu Bun, Mariana ("**Ms. Tai**"), mother of Mr. C Tang, and Ms. Tang Wing Shan, Ariel ("**Ms. A Tang**"), sister of Mr. C Tang (hereinafter Mr. C Tang, Mr. HC Tang, Ms. Tai and Ms. A Tang are collectively referred to as the "**Controlling Shareholders**"). The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 206, 2/F., Seaview Centre, 139-141 Hoi Bun Road, Kowloon, Hong Kong respectively.

The Company acts as an investment holding company and its subsidiaries are principally engaged in operation of restaurants in Hong Kong. Details of the principal activities of its subsidiaries are set out in note 35.

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 2023 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).

GOING CONCERN ASSUMPTION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company in light of the fact that:

(i) The Group incurred a loss attribute to the owners of the Company of HK$9,650,000 (2022: HK$13,833,000) for the year ended 31 March 2023.

(ii) Since the outbreak of the COVID-19 in January 2020 ("**COVID-19**"), the Group's operations are significantly affected by the prevention and control policies imposed by the local government in the first half year of the year. During the year ended 31 March 2023, several restaurants of the Group had recorded operating losses and negative cash flows. It was due to the recovery of the Hong Kong economy was not as expected by the Group. The customers are more budget conscious and price sensitive and expecting the value for money of what they spend for.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

GOING CONCERN ASSUMPTION *(Continued)*

(iii) As disclosed in note 22, the Group had breached the covenants of the bank borrowing pursuant to the loan agreement, that the Group had failed to maintain its tangible net worth as stated in the loan agreement entered with the Group's banker.

(iv) As disclosed in note 36, the Group served a number of claims as result of arrears rent and related expenses. These claims are legal proceedings and the outcomes might have a significant impact on the continuity of the Group and the Company.

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's and the Company's ability to continue as a going concern.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 March 2023 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, but not limited to, the followings:

(a) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed.

During the year ended 31 March 2023, the Group had commenced the operation of two restaurants. The directors will continue to explore new business opportunity and may set-up new restaurants during the recovery of economy if they see suitable. The directors of the Company believe that having the potential new business will enhance the Group's efficiency of operations and allow a better leverage of human resources and implementation of the operation strategies of the Group;

(b) Management of the Company is working closely with the Group's lawyers to settle the claims and litigations arisen from arrears rent and related expenses for the benefits of the Group. As at the date of this report, provision has been recorded in relation to the claims, and details of the claims are disclosed in note 36;

(c) Implementing comprehensive polices to monitor cash flows through cutting costs and capital expenditure;

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

GOING CONCERN ASSUMPTION *(Continued)*

(d) Mr. C Tang, the chairman and director of the Group, has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due;

(e) Mr. C Tang, one of the shareholder of the Group, has agreed not to demand any payment from the Group within the next twelve months from 31 March 2023 which regarding to the amount due to a shareholder of HK$5,540,000 as at 31 March 2023; and

(f) The Group had further obtained a loan facility with an aggregated amount of HK$15,000,000 from a licensed money lending company in Hong Kong. As at the date of this announcement, no facility had been drawn down by the Group.

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 31 March 2024 which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2023 on a going concern basis of accounting.

Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 March 2023, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Groups' financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 *Effective for annual periods beginning on or after 1 January 2023.*
2 *Effective for annual periods beginning on or after a date to be determined.*
3 *Effective for annual periods beginning on or 1 January 2024.*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

REVENUE FROM OPERATION OF THE RESTAURANTS

The Group recognises revenue from the operation of the restaurants which provides catering services. Revenue from catering services is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

SALES OF FOOD AND RELATED PRODUCTS TO A FRANCHISEE

Revenue from food and related products to a franchisee is recognised at a point in time when control of the goods has been transferred, being when the goods have been shipped to the franchisee's specific location. Payment of the transaction price is due immediately at the point the customer purchases the goods.

LICENSE FEE INCOME FROM A LICENSEE

License fee income from a licensee is recognises as a performance obligation satisfied over time using output method. The Group recognises revenue for a usage-based license promised in exchange for a licence of trademark only when (or as) the later of the following events occurs:

(a) the subsequent usage occurs; and
(b) the performance obligation to which some or all of the usage-based license has been allocated has been satisfied (or partially satisfied).

ROYALTY FEE INCOME FROM FRANCHISEES

Royalty fee income from a franchisee is recognises as a performance obligation satisfied over time using output method. The Group recognises revenue for a sales-based royalty promised in exchange for the license of trademark when the later of the following events occurs:

(a) the subsequent sale occurs; and
(b) the performance obligation to which the sales-based royalty has been allocated has been satisfied (i.e. granting the use of sales-based royalty to the franchisee).

OVER TIME REVENUE RECOGNITION: MEASUREMENT OF PROGRESS TOWARDS COMPLETE SATISFACTION OF PERFORMANCE OBLIGATION

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES

DEFINITION OF A LEASE

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

THE GROUP AS A LESSEE

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of some restaurants, warehouses, office and director's quarter that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES *(Continued)*

THE GROUP AS A LESSEE (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES *(Continued)*

THE GROUP AS A LESSEE (Continued)

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

COVID-19-RELATED RENT CONCESSIONS

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; 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 if the changes are 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.

BORROWING COSTS

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RETIREMENT BENEFITS COSTS

Payments to defined contribution plans including state-managed benefit scheme and the Mandatory Provident Fund Scheme ("**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

TAXATION

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

PROPERTY AND EQUIPMENT

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than assets under installation and construction in progress. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets under installation and construction in progress for production, supply and administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Assets under installation and construction in progress are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY AND EQUIPMENT *(Continued)*

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful life is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) 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 asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

REINSTATEMENT PROVISIONS

Provision for the costs to restore leased assets to their original conditions, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the management's best estimate of the expenditure that would be required to restore the assets, estimate are regularly reviewed and adjusted as appropriate for new circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

FINANCIAL ASSETS

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL ASSETS (Continued)

Impairment of financial assets

The Group recognises a loss allowance under expected credit loss ("**ECL**") model on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables and measures the lifetime ECL on individual basis as part of the Group's refined credit risk management with consideration of factors that are specific to the debtors and general economic conditions.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL ASSETS (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer of the borrower; or
- A breach of contract, such as a default or past due event; or
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. A write-off constitutes a derecognition event. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL ASSETS (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of each reporting period.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables where the correspondence adjustment is recognised through a loss allowance account.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities including trade and certain other payables and accruals and bank borrowing are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

ESTIMATED IMPAIRMENT OF PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset including right-of-use assets, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test and the recoverable amount based on value in use.

As at 31 March 2023, in view of impairment indicators, the Group performed impairment assessment on property and equipment with carrying amount of HK$3,763,000 and right-of-use assets of HK$10,060,000 (2022: HK$310,000 and HK$1,778,000), respectively. Impairment losses of HK$251,000 and HK$2,091,000 (2022: HK$5,341,000 and HK$5,465,000) in respect of property and equipment and right-of-use assets have been recognised respectively. Details of the impairment assessment of property and equipment and right-of-use assets are disclosed in note 15.

6. 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	
	2023	**2022**
	HK$'000	**HK$'000**
Recognised at a point in time:		
Operation of restaurants in Hong Kong	**38,786**	37,326
Sales of food and related products to franchisees	**1,858**	3,515
Recognised over time:		
Royalty fee income from franchisees *(note i)*	**729**	874
License fee income from a licensee *(note ii)*	**20**	22
Consultancy fee income from franchisees *(note iii)*	**880**	139
	42,273	41,876

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 three to 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 three to five years.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

REVENUE *(Continued)*

Contracts for royalty fee income are under 3-year to 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 number of restaurants run by the franchisees under the trademark. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has the right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

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

Consultancy fee income to a franchisee is recognised over time as the Group provides consultancy services and the franchisee simultaneously receives and consumes the benefit provided by the Group. Consultancy fee income is charged at respective fixed amounts based on number of restaurants operated by the franchisee. Consultancy fee 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. This operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. The executive directors of the Company have been identified as the chief operating decision maker ("**CODM**"). The CODM reviews the Group's revenue analysis by geographical location in order to assess performance and allocation of resources.

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

6. REVENUE AND 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 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	
	2023	**2022**	**2023**	**2022**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Hong Kong	**38,806**	37,347	**16,149**	3,828
The PRC *(note i)*	**974**	621	**–**	–
Macau Special Administrative Region of the PRC ("**Macau**") *(note ii)*	**2,493**	3,908	**–**	–
	42,273	41,876	**16,149**	3,828

Note (i): The revenue is derived from sales of food and related products to and the royalty fee and consultancy services income from franchisees which are located in the PRC.

Note (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.

Note (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

7. OTHER INCOME/OTHER GAINS AND LOSSES

	Year ended 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Other income:		
Rental concessions	**136**	398
Imputed interest income	**145**	137
Bank interest income	**11**	2
Government grants *(note)*	**1,456**	1,050
Others	**7**	91
	1,755	1,678
Other gains and losses:		
Gain on termination of lease contracts	**1,202**	7,871
Written-off of trade receivables	**–**	(1,224)
Net exchange (losses)/gains	**(15)**	27
	1,187	6,674

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 Group is required to undertake and warrant that there is no unfulfilled condition and contingency attached to the receipt of the grants.

8. IMPAIRMENT LOSSES

	Year ended 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Impairment losses on:		
– property and equipment	**251**	5,341
– right-of-use assets	**2,091**	5,465
	2,342	10,806

9. FINANCE COSTS

	Year ended 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Interests on lease liabilities	**706**	626
Interests on bank borrowing	**29**	66
	735	692

10. LOSS BEFORE TAXATION

	Year ended 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**520**	520
Directors' remuneration *(note 11)*	**1,414**	3,846
Equity-settled share-based payments	**2,019**	–
Other staff costs:		
– salaries, bonuses and allowances	**17,617**	15,694
– retirement benefits schemes contributions	**810**	705
Total staff costs	**21,860**	20,245
Depreciation of property and equipment	**313**	1,805
Depreciation of right-of-use assets	**3,764**	4,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Company (including emoluments for services as employees or directors of the Group prior to becoming the directors or the chief executive of the Company) by the Group, disclosed pursuant to the applicable Rules governing the Listing of Securities on GEM of the Stock Exchange and Hong Kong Companies Ordinance, were as follows:

	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2023				
Executive directors				
Mr. C Tang	–	859	5	864
Ms. Sung Kwan Wun *(note i)*	–	180	4	184
Independent non-executive directors				
Mr. Ho Lai Chuen	–	126	–	126
Mr. Lai Man Hin *(note iii)*	–	52	2	54
Mr. Lee Koon Tak *(note iv)*	–	121	6	127
Ms. So Siu Ying *(note v)*	–	59	–	59
	–	1,397	17	1,414

	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2022				
Executive directors				
Mr. C Tang	–	2,325	15	2,340
Mr. HC Tang *(note ii)*	–	1,050	–	1,050
Ms. Sung Kwan Wun *(note i)*	–	30	2	32
Independent non-executive directors				
Mr. Ho Lai Chuen	–	136	–	136
Mr. Lai Man Hin	–	137	7	144
Mr. Lee Koon Tak	–	137	7	144
	–	3,815	31	3,846

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

(i) Ms. Sung Kwan Wun was appointed as an executive director of the Company on 1 February 2022.

(ii) Mr. HC Tang had resigned as an executive director of the Company on 1 February 2022.

(iii) Mr. Lai Man Hin had resigned as an independent non-executive director of the Company on 31 August 2022.

(iv) Mr. Lee Koon Tak had resigned as an independent non-executive director of the Company on 15 March 2023.

(v) Ms. So Siu Ying was appointed as an independent non-executive director of the Company on 31 August 2022 and had resigned on 11 April 2023.

Mr. C Tang acted as the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as employee of the Group prior to becoming the chief executive of the Company.

The emoluments of executive directors stated above were for their services in connection with the management of the affairs of the Company and the Group.

The emoluments of independent non-executive directors shown above were for their services as directors of the Company.

No emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

None of the directors of the Company has waived any emoluments for both years.

(B) EMPLOYEES' EMOLUMENTS

One of the five individuals with the highest emolument in the Group (2022: two) is a director of the Company for the year ended 31 March 2023 whose emolument is included in the disclosure above. The emoluments of the remaining four (2022: three) individuals are as follows:

	Year ended 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Salaries and allowances	**2,076**	1,880
Discretionary bonus *(note)*	**34**	160
Retirement benefits schemes contributions	**53**	54
	2,163	2,094

Note: The discretionary bonus was determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(B) EMPLOYEES' EMOLUMENTS *(Continued)*

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	Number of employees Year ended 31 March	
	2023	**2022**
Nil to HK$1,000,000	**4**	3

No emolument was paid by the Group to any of the employees of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

None of the employees has waived any emoluments for both years.

12. TAXATION

	Year ended 31 March	
	2023 HK$'000	**2022 HK$'000**
The taxation comprises:		
Hong Kong Profits Tax:		
Charge for the year	**15**	36
Over provision in prior years	**–**	(237)
	15	(201)
Deferred tax (credit)/expense *(note 24)*	**(54)**	1,248
	(39)	1,047

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%.

12. TAXATION *(Continued)*

For the year ended 31 March 2023 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% during both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2023 HK$'000	2022 HK$'000
Loss before taxation	**(9,778)**	(14,755)
Tax at the Hong Kong Profits Tax rate of 16.5%	**(1,613)**	(2,435)
Tax effect of incomes not taxable for tax purpose	**(767)**	(2,114)
Tax effect of expenses not deductible for tax purpose	**1,806**	2,322
Over provision in prior years	**–**	(237)
Tax effect of tax losses not recognised	**1,775**	2,318
Tax effect of deductible temporary differences not recognised	**(1,212)**	1,248
Income tax at concessionary rate	**(6)**	(10)
Tax effect on two-tiered tax rate	**(22)**	(45)
Taxation charge	**(39)**	1,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 March 2023 nor has any dividend been proposed since the end of the reporting period (2022: nil).

14. 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	
	2023	**2022**
	HK$'000	**HK$'000**
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(9,650)**	(13,833)

	2023	**2022 (Restated)**
Number of shares in issue at 1 April	**500,000,000**	500,000,000
Effect of share options exercised	**34,657,530**	–
Effect of share consolidation *(note)*	**(481,191,777)**	(450,000,000)
	53,465,753	50,000,000

Note:

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 year ended 31 March 2022 have been adjusted for the share consolidation.

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

15. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST				
At 1 April 2021	26,249	11,075	298	37,622
Additions	2,927	1,482	–	4,409
Transfer from construction in progress	298	–	(298)	–
Eliminated on written-off	(1,785)	(1,642)	–	(3,427)
At 31 March 2022	27,689	10,915	–	38,604
Additions	3,951	66	–	4,017
At 31 March 2023	31,640	10,981	–	42,621
DEPRECIATION AND IMPAIRMENT				
At 1 April 2021	23,906	10,669	–	34,575
Provided for the year	1,572	233	–	1,805
Eliminated on written-off	(1,785)	(1,642)	–	(3,427)
Impairment loss recognised	3,996	1,345	–	5,341
At 31 March 2022	27,689	10,605	–	38,294
Provided for the year	226	87	–	313
Impairment loss recognised	122	129	–	251
At 31 March 2023	28,037	10,821	–	38,858
CARRYING AMOUNTS				
At 31 March 2023	3,603	160	–	3,763
At 31 March 2022	–	310	–	310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

15. PROPERTY AND EQUIPMENT *(Continued)*

Depreciation is provided to write off the cost of items of property and equipment over their estimate useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the lease terms
Fixtures and equipment	20%
Motor vehicles	30%

During the year ended 31 March 2023 and 2022, as certain restaurants 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 and right-of-use assets of relevant restaurants. The Group estimated the recoverable amount of these restaurants, each represents an individual CGU, to which the asset belongs when it is not possible to estimate the recoverable amount individually. As the recoverable amount of certain CGUs are lower than the respective carrying amounts of property and equipment and right-of-use assets, a total impairment loss of HK$251,000 and HK$2,091,000 (2022: HK$5,341,000 and HK$5,465,000) were recognised in the consolidated income statement for the year ended 31 March 2023 so arising from these CGU, respectively. The aggregate recoverable amounts of CGUs are HK$28,593,000 (2022: HK$851,000).

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 2.1% – 6.5% (2022: 0% – 9.7%) which is based on the management's estimation regarding service capacity and existing table turnover rate of respective restaurants. Cash flows beyond the 5-year period are extrapolated using a 1.7% (2022: 1.7%) growth rate and the cash flows are discounted using a discount rate of 13.5% (2022: 13.1%), with reference to the valuation report prepared by an independent qualified professional valuer, Peak Vision Appraisals Limited, using the Capital Assets Pricing Model, for the CGUs. 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.

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 April 2022			
Carrying amount	403	1,375	1,778
As at 31 March 2023			
Carrying amount	10,060	–	10,060
For the year ended 31 March 2022			
Depreciation charge	3,883	700	4,583
For the year ended 31 March 2023			
Depreciation charge	3,324	440	3,764

	As at 31 March 2023	2022
Expenses relating to short-term leases	293	657
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	–	7
Variable lease payments not included in the measurement of lease liabilities	53	242
Total cash outflow for leases	10,070	9,891
Additions to right-of-use assets	15,071	5,771

For both years, the Group leases various restaurants, a central kitchen, a warehouse, and an office premises for its operations. Except for short-term leases or leases of low-value assets, lease contracts are entered into for fixed terms of 2 to 6 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipments. As at 31 March 2023, the portfolio of short-term leases is similar to the portfolio of long-term leases to which the short-term expense included in rental and related expenses and disclosed in above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. RIGHT-OF-USE ASSETS *(Continued)*

As at 31 March 2023, no new lease contract has been entered by the Group which have not yet commenced (2022: one).

Details of the impairment assessment of the Group's right-of-use assets are disclosed in note 15.

EXTENSION OPTIONS

As at 31 March 2023, the Group has no extension option in leases for restaurants (2022: one). These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise are summarised below:

	Lease liabilities recognised as at 31 March 2023 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK$'000	Lease liabilities recognised as at 31 March 2022 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK$'000
Restaurants, office and factory	–	–	239	2,988

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 March 2023, there was no such triggering event (2022: nil).

17. INTANGIBLE ASSETS

	Franchise rights HK$'000	Trademark HK$'000	Total HK$'000
COST			
At 1 April 2021, 31 March 2022 and 2023	4,200	119	4,319
AMORTISATION AND IMPAIRMENT			
At 1 April 2021, 31 March 2022 and 2023	4,200	119	4,319
CARRYING VALUES			
At 31 March 2022 and 2023	–	–	–

The trademark has finite useful lives and is amortised on a straight-line basis over the duration of trademarks registered by the Group (i.e. 5 years). During the year ended 31 March 2020, a wholly-owned subsidiary of the Company, (the "**Franchisee**") entered into a franchise agreement (the "**Franchise Agreement**") with an independent third party (the "**Franchisor**"), under which the Franchisor shall grant and provide the Franchisee with the exclusive rights to use its trademarks, patents and all other intellectual property rights as well as necessary assistance for operation of the franchise restaurants in Hong Kong at the consideration of approximately HK$4,200,000, with a term of 20 years.

The franchise rights has finite useful lives and is amortised on a straight-line basis over the term as agreed in the Franchise Agreement (i.e. 20 years). The franchise rights had been fully impaired since the year ended 31 March 2020 as the recoverable amounts of certain CGUs are lower than the respective carrying amounts.

18. INVENTORIES

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Food and beverages, at cost	**590**	612

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Trade receivables from restaurant operations	**203**	184
Trade receivables from franchisees	**915**	138
Trade receivables from a licensee	**23**	15
Rental deposits	**4,023**	3,435
Utilities and other deposits	**1,309**	1,525
Other receivables	**631**	1,167
Prepayments	**969**	1,162
Total trade and other receivables, deposits and prepayments	**8,073**	7,626
Analysed for reporting purposes as:		
Non-current assets	**2,326**	1,740
Current assets	**5,747**	5,886
	8,073	7,626

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 2 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	
	2023	**2022**
	HK$'000	**HK$'000**
0 – 30 days	**203**	184

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	As at 31 March	
	2023 HK$'000	2022 HK$'000
0 – 30 days	**872**	138
31 – 60 days	**–**	–
61 – 90 days	**1**	–
Over 90 days	**42**	–
	915	138

As at 31 March 2023, no trade receivables from the franchisees (2022: HK$1,224,000) were past due, and no written-off of trade receivable (2022: HK$1,224,000) was recognised in the profit or loss during the year ended 31 March 2023.

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 61 – 90 days as at 31 March 2023 and 2022.

Details of impairment assessment of trade and other receivables and deposits as at 31 March 2023 are set out in note 29.

20. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging of 0% to 0.75% (2022: 0.001% to 0.01%) per annum as at 31 March 2023.

Details of impairment assessment of bank balances as at 31 March 2023 are set out in note 29.

21. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Trade payables	**1,136**	436
Salary payables	**1,524**	909
Other payables and accruals	**4,243**	3,912
	6,903	5,257

21. TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

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	
	2023 HK$'000	2022 HK$'000
0 – 30 days	**1,052**	424
31 – 60 days	**73**	–
Over 90 days	**11**	12
	1,136	436

As at 31 March 2023, other payables and accruals mainly comprised of: (1) accrued rental and related expenses which amounted to HK$2,024,000 (2022: HK$1,890,000); and (2) accrued auditor's remuneration and professional fee which amounted to HK$1,025,000 (2022: HK$828,000).

22. BANK BORROWING

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Unsecured and guaranteed bank borrowing	**149**	1,016
The carrying amounts are repayable*:		
Within one year	**149**	867
Within a period of more than one year but not more than two years	**–**	149
	149	1,016
Less: Amounts due within one year or contain a repayable on demand clause shown under current liabilities	**(149)**	(1,016)
Amounts shown under non-current liabilities	**–**	–

* The amounts due are based on scheduled repayment dates set out in the loan agreement.

The unsecured and guaranteed bank borrowing as at 31 March 2023 and 2022 is guaranteed by the Company and certain subsidiaries of the Group.

As at 31 March 2023 and 2022, the bank borrowing of the Group carry variable interest rate at Hong Kong Dollar Best Lending Rate minus 0.5% per annum.

22. BANK BORROWING *(Continued)*

During the year, in respect of a bank borrowing with a carrying amount of HK$149,000 as at 31 March 2023 (2022: HK$1,016,000), the Group breached certain terms of the bank borrowing, which are primarily related to the tangible net worth of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the borrowing with the relevant banker. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the borrowing has been classified as a current liability as at 31 March 2023 and 31 March 2022. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank borrowing was fully settled on 8 May 2023.

23. LEASE LIABILITIES

	As at 31 March 2023 HK$'000	As at 31 March 2022 HK$'000
Lease liabilities payable:		
Within one year	**6,381**	6,647
Within a period of more than one year but not more than two years	**3,514**	2,980
Within a period of more than two years but not more than five years	**3,840**	27
More than five years	**537**	–
	14,272	9,654
Less: Amount due for settlement within one year shown under current liabilities	**(6,381)**	(6,647)
Amount due for settlement after one year shown under non-current liabilities	**7,891**	3,007

24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Deferred tax assets	**–**	–
Deferred tax liabilities	**–**	(54)
	–	(54)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

24. DEFERRED TAXATION *(Continued)*

The following is the deferred tax assets (liabilities) recognised and movements thereon during the year.

Deferred tax assets:

	Accelerated accounting depreciation HK$'000	Leasing *(note)* HK$'000	Total HK$'000
At 1 April 2021	1,222	252	1,474
Charge to profit or loss *(note 12)*	(1,222)	(252)	(1,474)
At 31 March 2022	–	–	–
Charge to profit or loss *(note 12)*	–	–	–
At 31 March 2023	–	–	–

Deferred tax liabilities:

	Accelerated tax depreciation HK$'000	Leasing *(note)* HK$'000	Total HK$'000
At 1 April 2021	280	–	280
(Credit)/charge to profit or loss *(note 12)*	(280)	54	(226)
At 31 March 2022	–	54	54
Credit to profit or loss *(note 12)*	–	(54)	(54)
At 31 March 2023	–	–	–

Note: For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group accounts for leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis.

At the end of the reporting period, the Group has unused tax losses of HK$57,713,000 (2022: HK$47,026,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK$57,713,000 (2022: HK$47,026,000) due to unpredictability of future profit streams. Included in unused tax losses of HK$3,973,000 (2022: HK$4,259,000) that can be carried forward for five years from the year in which the losses arose and HK$53,740,000 (2022: HK$42,767,000) may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. PROVISIONS

	As at 31 March	
	2023	**2022**
	HK$'000	**HK$'000**
Analysis for reporting purpose as:		
Current liabilities	**253**	159
Non-current liabilities	**157**	228
	410	387

	Provision for surcharge and penalty HK$'000	Provisions for reinstatement cost HK$'000	Total HK$'000
As at 1 April 2021	520	330	850
Recognition of provision	13	50	63
Release of provisions	–	(97)	(97)
Utilisation of provisions	(429)	–	(429)
As at 31 March 2022	104	283	387
Recognition of provision	43	–	43
Release of provisions	–	(20)	(20)
As at 31 March 2023	147	263	410

The provisions for estimated surcharge and penalty arise from the litigations relation to rental and other related expenses arrears during the years ended 31 March 2023 and 2022. The Group had obtained legal advice from the lawyer and it is advised that sufficient provisions have been recorded in relation to the claims arose from the litigations as at 31 March 2023 and 2022.

The provisions of reinstatement cost for reinstating the leased properties to be carried out at the end of the lease periods had been estimated by the directors of the Company based on current rental contracts. These amounts have not been discounted for the purposes of measuring the provisions because the effect is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

26. SHARE CAPITAL

The share capital as at 31 March 2023 and 2022 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Number of shares	Amount HK$'000
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022	10,000,000,000	100,000
Share consolidation *(Note ii)*	(9,000,000,000)	–
As at 31 March 2023	1,000,000,000	100,000
Issued and paid:		
At 1 April 2021, 31 March 2022, 1 April 2022	500,000,000	5,000
Issue of shares upon exercise of share options *(Note i) (note 32)*	50,000,000	500
Share consolidation *(Note ii)*	(495,000,000)	–
As at 31 March 2023	55,000,000	5,500

Note i: Pursuant to the Group's announcement on 26 April 2022, the Company had granted a total of 50,000,000 share options to ten employees of the Group under the share option scheme adopted by the Company on 21 February 2019 to subscribe for an aggregate of 50,000,000 ordinary shares of HK$0.01 each of the Company.

Note ii: An annual general meeting was held on 8 August 2022 in which the resolution to approve the proposed share consolidation 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 was passed by the shareholders of the Company. The share consolidation became effective on 10 August 2022. Please refer to the announcements of the Company dated 20 June 2022, 8 August 2022 and 10 August 2022 and the circular of the Company dated 30 June 2022 for details of the share consolidation.

27. RETIREMENT BENEFITS SCHEMES

The Group operates MPF Scheme for all qualified employees in Hong Kong. Contributions from employers and employees are 5% each of the employee's relevant income. The maximum mandatory contribution per employee is HK$1,500 per month. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 March 2023, the retirement benefit schemes contribution arising from the MPF Scheme charged to profit or loss is HK$810,000 (2022: HK$705,000).

The eligible employees of the Company's subsidiaries in PRC are members of pension schemes operated by local government of the PRC (the "**PRC Scheme**"). The subsidiaries in the PRC are required to contribute a certain percentage of the relevant cost of payroll of these employees to the pension schemes to fund the benefits.

During the year ended 31 March 2023, there was no retirement benefit schemes attribution to the PRC Scheme charged to profit or loss (2022: nil).

At 31 March 2023 and 2022, there was no significant forfeited contributions which arose upon employees leaving the schemes before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of debt balances and equity balance. Debt balances include bank borrowing (note 22). Equity balance consists of equity attributable to the Owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risk associated with each class of capital, and will balance its overall capital structure through payment of dividends, issue of new shares as well as the issue of new debts or the redemption of existing debts.

29. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31 March	
	2023 HK$'000	**2022 HK$'000**
Financial assets		
Amortised cost	**13,698**	18,083
Financial liabilities		
Amortised cost	**12,592**	6,273
Lease liabilities	**14,272**	9,654

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, deposits, bank balances and cash, trade and other payables and accruals, amount due to a shareholder, bank borrowing and lease liabilities as at 31 March 2023 and 2022. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

INTEREST RATE RISK

The Group is exposed to fair value interest rate risk which arises from lease liabilities (note 23). The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20) and bank borrowing (note 22) as at 31 March 2023 and 2022. The management of the Group considers the Group's exposures of the bank balances are not significant as interest bearing bank balances are within short maturity period and thus they are not included in sensitivity analysis. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on Hong Kong Dollar Best Lending Rate quoted by a bank in Hong Kong arising from the Group's bank borrowing.

29. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

INTEREST RATE RISK (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowing. The analysis is prepared assuming the variable-rate bank borrowing at the end of the reporting period were outstanding for the whole year and 100 basis points (2022: 100 basis points) increase or decrease are used. The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates have been 100 basis points (2022: 100 basis points) higher/lower for variable-rate bank borrowing and all other variables were held constant, the Group's loss for the year ended 31 March 2023 would increase/decrease by HK$1,000 (2022: loss would increase/decrease by HK$10,000).

CREDIT RISK AND IMPAIRMENT ASSESSMENT

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, under the Group's refined credit risk management, the Group applies the simplified approach in HKFRS 9 to measure lifetime ECL on trade receivables on individual basis at the end of the reporting period.

During the year ended 31 March 2023, no impairment allowance (2022: nil) was provided for trade receivables as the amount is insignificant.

29. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

Other receivables and deposits

For other receivables and deposits, the management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. As at 31 March 2023, the gross carrying amount of other receivables and deposits is HK$5,963,000 (2022: HK$6,127,000). During the year ended 31 March 2023, no impairment allowance (2022: nil) was provided for other receivables and deposits as the amount is insignificant.

Bank balances

The credit risk on liquid funds are limited as such amounts are placed in banks with high credit ratings assigned by international credit-rating agencies. The Group has balances with three banks, in which the latest available ratings are A1, Aa2 and Aa3 as at 31 March 2023 according to Moody's Rating Scaling. There has been no history of default in relation to these banks and thus the risk of default is regard as low. No loss allowance provision for bank balances was recognised upon application of HKFRS 9 and during the year ended 31 March 2023 (2022: nil) as the amounts are placed in banks with good reputation. As at 31 March 2023, the gross carrying amount of bank balances is HK$6,336,000 (2022: HK$11,408,000).

LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Specially, bank borrowing with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

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For the year ended 31 March 2023

29. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

LIQUIDITY RISK (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand HK$'000	Less than 3 months HK$'000	3 months-1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2023									
Non-derivative financial liabilities									
Trade and other payables and accruals	**N/A**	**-**	**6,903**	**-**	**-**	**-**	**-**	**6,903**	**6,903**
Bank borrowing	**5.13**	**149**	**-**	**-**	**-**	**-**	**-**	**149**	**149**
Amount due to a shareholder	**N/A**	**5,540**	**-**	**-**	**-**	**-**	**-**	**5,540**	**5,540**
Lease liabilities	**5.13**	**656**	**1,194**	**5,134**	**3,849**	**4,307**	**545**	**15,685**	**14,272**
		6,345	**8,097**	**5,134**	**3,849**	**4,307**	**545**	**28,277**	**26,864**
As at 31 March 2022									
Non-derivative financial liabilities									
Trade and other payables and accruals	N/A	–	5,257	–	–	–	–	5,257	5,257
Bank borrowing	4.5	1,045	–	–	–	–	–	1,045	1,016
Lease liabilities	4.64	779	1,278	4,924	1,872	1,282	–	10,135	9,654
		1,824	6,535	4,924	1,872	1,282	–	16,437	15,927

During the year ended 31 March 2023, the Group breached certain of the terms of the bank borrowing, which are primarily related to the tangible net worth of the Group. Bank borrowing with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowing based on the scheduled repayment dates set out in the bank borrowing agreements as set out in the table below:

	Weighted Average effective interest rate %	Less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Bank borrowing with a repayable on demand clause						
As at 31 March 2023	**5.13**	**149**	**-**	**-**	**149**	**149**
As at 31 March 2022	4.5	895	150	–	1,045	1,016

FAIR VALUE

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these consolidated financial statements approximate their fair values.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowing HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2021	1,845	21,598	23,443
Financing cash flows *(note)*	(895)	(8,985)	(9,880)
Finance costs recognised	66	626	692
Net cash used in financing cash flows	(829)	(8,359)	(9,188)
New lease entered or modified	–	5,199	5,199
Termination of leases	–	(8,784)	(8,784)
At 31 March 2022	1,016	9,654	10,670
Financing cash flows *(note)*	(896)	(9,724)	(10,620)
Finance costs recognised	29	706	735
Net cash used in financing cash flows	(867)	(9,018)	(9,885)
New lease entered or modified	–	14,865	14,865
Termination of leases	–	(1,229)	(1,229)
At 31 March 2023	149	14,272	14,421

Note: The financing cash flows are in relation to payments for bank borrowing, lease liabilities and finance costs.

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with its related parties during both years.

(A) Details of amount due to a shareholder is as follows:

	Balance	
	2023 HK$'000	2022 HK$'000
Amount due to a shareholder:		
Mr. C Tang	**5,540**	–

Note: The balance is unsecured, interest free and repayable on demand.

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31. RELATED PARTY TRANSACTIONS *(Continued)*

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors of the Company and other members of key management during the year were as follows:

	Year ended 31 March	
	2023 HK$'000	**2022 HK$'000**
Short-term benefits	**3,035**	5,854
Post-employment benefits	**51**	84
	3,086	5,938

32. SHARE OPTION SCHEME

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

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

The maximum number of the shares that may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of all the 55,000,000 shares in issue, which adjusted for share consolidation effected on 10 August 2022. The Company may seek approval of the shareholders in a general meeting to refresh the 10% limit provided that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the number of shares in issue as at the date of approval of the limit.

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

32. SHARE OPTION SCHEME *(Continued)*

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

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

During the year ended 31 March 2022, the Group did not grant any share option under the Share Option Scheme of the Company.

During the year ended 31 March 2023, the Company has granted a total of 50,000,000 share options to the eligible employees of the Group on 26 April 2022. The following table discloses movements in the Company's share options during the year ended 31 March 2023:

		Number of share options							
Name or category of participants	Date of grant	At 1 April 2022	Granted	Exercised	Cancelled	Lapsed	At 31 March 2023	Exercise period	Exercise price HK$
Employees (in aggregate)	26 April 2022	–	50,000,000	(50,000,000)	–	–	–	26 April 2022 - 25 April 2024	0.0758

The closing price of the Company's shares immediately before the date on which the share options were granted was HK$0.076. The share options are vested immediately on the date of grant.

The fair values of the share options granted under the Share Options Scheme were determined using the Binomial Option Pricing Model. The fair values of the share options and the significant inputs into the model and assumption were as follows:

Number of share options	50,000,000
Share price on grant date	HK$0.075
Exercise price	HK$0.0758
Expected dividend yield	0%
Expected volatility	124.49%
Weighted average contractual life	2 years
Risk-free interest rate	2.109%
Fair value per share option	HK$0.04038

32. SHARE OPTION SCHEME *(Continued)*

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss as the equity-settled share-based payments over the vesting period with a corresponding increase in the share options reserve within equity, or in the case there is no vesting period required, equity-settled share-based payments are fully recognised in profit or loss on the grant date of the share options and record an increase of share options reserve in equity.

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

On 22 July 2022, 50,000,000 share options were exercised at the exercise price of HK$0.0758. The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK$0.066.

(Note: The information disclosed above is not adjusted for share consolidation which became effective on 10 August 2022.)

33. NON-CONTROLLING INTERESTS

	Share of net liabilities of a subsidiary HK$'000
At 1 April 2021	**–**
Share of loss for the year	**(1,969)**
At 31 March 2022	**(1,969)**
Share of loss for the year	**(89)**
At 31 March 2023	**(2,058)**

During the year ended 31 March 2022, the Group disposed 35% of the equity interests in Prosperous Food and Beverage Company Limited, a newly established subsidiary of the Company, to unrelated third parties.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 March 2023 HK$'000	As at 31 March 2022 HK$'000
Non-current asset		
Investment in a subsidiary	**–***	–*
Current assets		
Amounts due from subsidiaries	**24,785**	18,664
Other receivables and prepayments	**103**	223
Bank balances	**192**	5,841
	25,080	24,728
Current liabilities		
Other payables and accruals	**216**	125
Amounts due to subsidiaries	**11,364**	12,422
	11,580	12,547
Net assets	**13,500**	12,181
Capital and reserves		
Share capital	**5,500**	5,000
Reserves	**8,000**	7,181
	13,500	12,181

* less than HK$1,000

MOVEMENT IN THE RESERVES OF THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	64,646	(52,503)	12,143
Loss for the year	–	(4,962)	(4,962)
At 31 March 2022	64,646	(57,465)	7,181
Loss for the year	–	(4,490)	(4,490)
Issue of shares upon exercise of share options	5,309	–	5,309
At 31 March 2023	69,955	(61,955)	8,000

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35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and full paid share capital/ registered capital	Attributable equity interest of the Group as at 31 March		Principal activities
				2023 %	2022 %	
Directly held						
Butao Global	BVI	Hong Kong	USD10,000	**100**	100	Investment holding
Indirectly held						
Butao Ramen	Hong Kong	Hong Kong	HK$8,720	**100**	100	Investment holding and provision of management services to group companies
Kind Most Limited	Hong Kong	Hong Kong	HK$4	**100**	100	Trademarks holding and license of trademark to a franchisee and a licensee
Butao Asia Limited	Hong Kong	Hong Kong	HK$100	**100**	100	Provision of management services to group companies
Butao (Hong Kong) Limited	Hong Kong	Hong Kong	HK$1,000,000	**100**	100	Investment holding and Japanese ramen restaurant operations
Billion Kingsway Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Provision of food processing services to group companies and a franchisee
Butao (China) Limited	Hong Kong	Hong Kong	HK$100	**100**	100	Investment holding
Butao International Limited	Hong Kong	Hong Kong	HK$100	**100**	100	Japanese ramen restaurant operations
Butao (Kowloon East) Limited	Hong Kong	Hong Kong	HK$500,000	**100**	100	Japanese ramen restaurant operations
New Topworld Holdings Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Japanese ramen restaurant operations
Fortune City Limited	Hong Kong	Hong Kong	HK$300,000	**100**	100	Japanese ramen restaurant operations
Butao (TKO) Limited	Hong Kong	Hong Kong	HK$10,000	**100**	100	Japanese ramen restaurant operations
Right Direction International Limited ("**Right Direction**")	Hong Kong	Hong Kong	HK$100	**100**	100	Japanese ramen restaurant operations
Prosperous Food and Beverage Company Limited *(note i)*	Hong Kong	Hong Kong	HK$10,000	**65**	65	Hong Kong style restaurant operations
Fortune Food and Beverage Company Limited	Hong Kong	Hong Kong	HK$10,000	**100**	100	Inactive
廣州嘗面餐飲管理有限公司 *(note ii and note iii)*	The PRC	The PRC	RMB2,000,000	**–**	100	Japanese ramen restaurant operations
深圳嘗面餐飲管理有限公司 *(note ii)*	The PRC	The PRC	RMB1,503,000	**100**	100	Japanese ramen restaurant operations
深圳賞面餐飲貿易有限公司	The PRC	The PRC	RMB5,000,000	**100**	100	Sales of food and related products to franchisee

Note i: The Group had disposed 35% equity interest of Prosperous Food and Beverage Company Limited during the year ended 31 March 2022. Details are disclosed in note 33.

Note ii: These subsidiaries are registered as wholly foreign owned enterprises under the law of the PRC.

Note iii: The subsidiary was deregistered in July 2022.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

36. CONTINGENT LIABILITIES AND LITIGATION

The Group has been served a number of litigations and claims in the previous years. These claims and litigations are arisen from arrears rent and related expenses of the Group and has been recognised in the other payables and accruals, lease liabilities and provisions. Additional interest, surcharge and penalty might be incurred due to the delay in settlement of such payables.

Nevertheless, the management of the Company obtained legal advice, and considered no additional interest, surcharge and penalty required apart from the amounts stated in the other payables and accruals, lease liabilities and provisions. As at 31 March 2023, the related amounts included in other payables and accruals, lease liabilities and provisions are HK$1,867,000, nil and HK$147,000 (2022: HK$1,867,000, nil and HK$104,000) respectively.

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 in future.

MATERIAL LITIGATIONS FILED AGAINST THE GROUP

Action Number		Filing Date	Status
(a)	DCDT4016/2020	30 October 2020	Live
(b)	DCCJ30/2021	5 January 2021	Live

Details of the litigations are set out as follows:

(a) DCDT4016/2020 and (b) 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 ("**SHK**"), claimed against Right Direction for the unpaid rent and related expenses of 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 stated in the claims on 30 October 2020 and 5 January 2021.

On 20 December 2021, SHK revised the claim to HK$1,908,000 together with daily interest until repayment.

The Group had obtained legal advice and recorded sufficient provision on those claimed amount during the year ended 31 March 2023.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**42,273**	41,876	51,872	81,075	108,673
Cost of inventories	**(10,213)**	(10,185)	(12,101)	(18,229)	(22,586)
Other income	**1,755**	1,678	11,019	881	123
Other gains and losses	**1,187**	6,674	797	311	(12)
Staff costs	**(21,860)**	(20,245)	(22,474)	(34,019)	(31,326)
Rental and related expenses	**(1,814)**	(2,454)	(3,836)	(5,778)	(19,804)
Depreciation and amortisation	**(4,077)**	(6,388)	(11,121)	(24,530)	(6,059)
Other expenses	**(13,952)**	(14,213)	(16,447)	(22,009)	(14,139)
Impairment losses	**(2,342)**	(10,806)	(9,686)	(32,488)	–
Loss on disposal of a subsidiary	**–**	–	–	(449)	–
Listing expenses	**–**	–	–	–	(23,500)
Finance costs	**(735)**	(692)	(755)	(1,381)	(171)
(Loss)/profit before taxation	**(9,778)**	(14,755)	(12,732)	(56,616)	(8,801)
Taxation	**39**	(1,047)	(652)	180	(2,472)
(Loss)/profit for the year	**(9,739)**	(15,802)	(13,384)	(56,436)	(11,273)
(Loss)/profit for the year attributable to:					
Owners of the Company	**(9,650)**	(13,833)	(13,384)	(56,436)	(12,261)
Non-controlling interests	**(89)**	(1,969)	–	–	988
	(9,739)	(15,802)	(13,384)	(56,436)	(11,273)

ASSETS AND LIABILITIES

	As at 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**29,080**	21,945	52,465	72,217	110,995
Total liabilities	**27,349**	16,428	31,120	37,391	19,828
Total equity	**1,731**	5,517	21,345	34,826	91,167