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TASTY CONCEPTS HOLDING LIMITED

賞之味控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8096)

CHANGE IN USE OF NET PROCEEDS

Reference is made to (i) the prospectus of Tasty Concepts Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 27 February 2019 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing**”), which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) at the time of preparing the Prospectus, and (ii) the interim report of the Company for the six months ended 30 September 2021 dated 8 November 2021 (the “**Interim Report**”), in which the utilisation of the Net Proceeds up to 30 September 2021 was disclosed. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Interim Report.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that it has resolved to change the use of the Net Proceeds.

USE OF NET PROCEEDS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Net Proceeds were intended to be used for the following purposes:

- approximately 60.6% of the Net Proceeds will be used for setting up of new outlets in Hong Kong, including capital expenditure, rental deposit and working capital for opening four new restaurants;

- approximately 20.0% of the Net Proceeds will be used for expansion of existing central kitchen in Hong Kong, covering fitting out, renovation and installation of the new central kitchen, acquiring additional facilities and machineries to expand and enhance the production line as well as working capital expenses for operating the new kitchen;
- approximately 5.2% of the Net Proceeds will be used for further enhancement of the brand recognition, including launching promotion campaigns and other marketing activities, enhancing the marketing channels such as developing of mobile marketing application platform;
- approximately 4.4% of the Net Proceeds will be used for further enhancement of operational capability and efficiency, including upgrading the systems used by back office and recruiting competent individuals for business development; and
- approximately 9.8% of the Net Proceeds will be used as general working capital of the Group.

The Net Proceeds from the Listing of the Company were approximately HK\$46.1 million (after deducting underwriting fees and related listing expenses). As disclosed in the section headed “Use of Net Proceeds from the Listing” in the Interim Report, the Company had used approximately HK\$31.9 million of the Net Proceeds up to 30 September 2021 in the manner disclosed in the Interim Report, which also detailed that due to the social incidents during the financial year 2020 and the outbreak of the coronavirus disease 2019 (“**COVID-19**”) during financial year 2020, 2021 and the six months ended 30 September 2021, the Group’s plan to set up the remaining two new restaurants and related marketing and promotional campaigns had been postponed, with the balance of the unutilised Net Proceeds expected to be utilised and plans to be accomplished by 31 March 2022.

CHANGE IN USE OF NET PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$14.2 million. On 21 February 2022, the Board resolved to change the use of the unutilised Net Proceeds. An analysis of the utilisation of the Net Proceeds as at the date of this announcement and the revised change in the use of the unutilised Net Proceeds is set out as below:

Business objective and strategy	Planned use	Utilised	Unutilised	Revised application of the unutilised Net Proceeds	Expected timeline for utilising the unutilised Net Proceeds
	of Net Proceeds as disclosed in the Prospectus	Net Proceeds as at the date of this announcement	Net Proceeds as at the date of this announcement		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Setting up of new outlets in Hong Kong	27,964	13,983	13,981	—	N/A
Expansion of existing central kitchen in Hong Kong	9,229	9,229	—	—	N/A
Further enhancement of brand recognition	2,400	2,147	253	—	N/A
Enhancement of operational capability and efficiency	2,030	2,030	—	—	N/A
General working capital	4,523	4,523	—	14,234	By 31 August 2023
	<u>46,146</u>	<u>31,912</u>	<u>14,234</u>	<u>14,234</u>	

The unutilised Net Proceeds is expected to be fully utilised within 18 months from the date of this announcement. Such expected timeline is based on the estimation made by the Group which might be subject to changes in accordance with the change in market conditions from time to time.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

The ongoing COVID-19 pandemic has been casting severe implications for many business sectors in Hong Kong, among which, the food and beverage industry has been seriously affected. Followed by the Vaccination Programme launched by the government of Hong Kong Special Administrative Region (the “**Hong Kong Government**”) since early of year 2021, together with the enhanced awareness of hygiene and effective preventive measures taken by the public, the local COVID-19 pandemic in Hong Kong was once under control during the year 2021. Unfortunately, the 5th wave of the local COVID-19 pandemic in Hong Kong had recurred and an explosive community outbreak rebounded to a rigorous level since January 2022, the

Hong Kong Government has tightened the social distancing measures since January 2022, dine-in services provided by restaurants during certain of timeslots are prohibited up to the date of this announcement, but without a concrete timeframe of these measures, which has been directly affecting the Group's business, leading to a significant drop in customers visited, forming substantial challenges to the Group.

Having monitored and assessed the current impact brought by the COVID-19 pandemic, the Group expects the need for expansion of opening new restaurants and the launch of marketing campaigns would not be the priority in current stage, but instead, with the unpredictable development of the COVID-19 pandemic, the Board is of the view that the current priority should be focusing on its existing operations by maintaining the services and the food quality and considers it is more crucial and necessary to increase its cash allocation for the purpose of working capital in order to handle operating costs, such as rental and related expenses, staff costs and other operating expenses, given cash flows expected to be generated from restaurants would be decreased significantly with the tightening social distancing measures launched by the Hong Kong Government.

The Board confirms that there are no material changes in the nature of business of the Group. The Board is of the view that the change in use of the unutilised Net Proceeds will enable the Group to effectively meet the financial needs of the Group and enhance the flexibility in financial management of the Company and is in line with the current business needs of the Group, and therefore, is in the best interests of the Company and its shareholders.

The Board will continuously assess the plans for the use of unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 February 2022

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

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

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.butaoramen.com.