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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORTS FOR
THE YEARS ENDED 31 MARCH 2019 AND 2020**

Reference is made to the annual reports for the years ended 31 March 2019 and 2020 issued by Tasty Concepts Holding Limited (the “**Company**”) dated 28 June 2019 and 30 June 2020, respectively (the “**2019 Annual Report**” and the “**2020 Annual Report**” respectively). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2019 Annual Report and 2020 Annual Report.

Other Expenses

In addition to the information provided in the 2019 Annual Report and 2020 Annual Report, the Board hereby provides additional information in relation to the breakdown of the other expenses of the Group.

	Year ended 31 March		
	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000
Utilities expenses	3,890	4,419	4,079
Audit and professional fees	3,788	1,240	506
Advertising and marketing expenses	2,960	566	597
Repair & maintenance fees	1,733	1,022	965
Business and product development	1,521	699	840
Motor vehicle and logistics expenses	1,442	1,289	1,830
Consumables	1,093	1,148	960
Insurance expenses	1,027	788	815
Cleaning expenses	837	893	733
Loss on written-off of property and equipment	388	—	—
Others (<i>Note</i>)	<u>3,330</u>	<u>2,075</u>	<u>1,642</u>
	<u>22,009</u>	<u>14,139</u>	<u>12,967</u>

Note: Others include office expenses, sundry expenses and other handling charges expenses to electronic payment or delivery platforms.

Use of proceeds

Reference is made to the prospectus of the Company dated 27 February 2019 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of the Stock Exchange by way of public offer and placing (the “**Listing**”). Reference is also made to the 2019 Annual report and 2020 Annual Report in relation to the utilisation of the net proceeds from the Listing. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, 2019 Annual report and 2020 Annual Report.

The Company successfully listed its shares on GEM of the Stock Exchange on 15 March 2019. The amount of the net proceeds from the Listing received by the Company after deducting underwriting fees and related listing expenses was approximately HK\$46.1 million. The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the Prospectus:

Business objective and strategy	From the Latest Practicable Date (as defined in the Prospectus, e.g. 18 February 2019) to 30 September 2019	For the six months ending 31 March 2020	For the six months ending 30 September 2020	For the six months ending 31 March 2021	Total	Approximately % of net proceeds
	HK\$'000	HK\$ '000	HK\$'000	HK\$'000	HK\$'000	%
Setting up of new outlets in Hong Kong	7,162	6,934	6,934	6,934	27,964	60.6
Expansion of existing central kitchen in Hong Kong	9,229	—	—	—	9,229	20.0
Further enhancement of brand recognition	1,371	343	343	343	2,400	5.2
Enhancement of operational capability and efficiency	1,466	564	—	—	2,030	4.4
General working capital	4,523	—	—	—	4,523	9.8
	<u>23,751</u>	<u>7,841</u>	<u>7,277</u>	<u>7,277</u>	<u>46,146</u>	<u>100.0</u>

As at 31 March 2019, the status of the use of net proceeds raised from the Listing are as follows:

Business objective and strategy	Approximately % of net proceeds	Planned amount	Actual amount utilised as at 31 March 2019	Unutilised net proceeds up to 31 March 2019	Notes
	<i>%</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Setting up of new outlets in Hong Kong	60.6	27,964	—	27,964	The Group is in the progress to identify and negotiate for suitable locations which match with the expansion business plan and expects to open four restaurants by 31 March 2021, of which the first one is expected to be opened by 30 September 2019 and subsequently open each restaurant in between of six months as planned and shown in the Prospectus.
Expansion of existing central kitchen in Hong Kong	20.0	9,229	—	9,229	The Group is in progress to obtain quotations from service providers for the expansion plan in the central kitchen, of which the expansion and renovation are expected to be completed by 30 September 2020 as planned and shown in the Prospectus.
Further enhancement of brand recognition	5.2	2,400	—	2,400	The Group is in the progress to sort out appropriate social platforms and marketing systems and expected to raise promotion campaigns and develop of mobile marketing platform by 31 March 2020 as planned and shown in the Prospectus.

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK\$'000	Actual amount utilised as at 31 March 2019 HK\$'000	Unutilised net proceeds up to 31 March 2019 HK\$'000	Notes
Enhancement of operational capability and efficiency	4.4	2,030	—	2,030	The Group is in progress to screen out appropriate systems for upgrading the overall operation efficiency as well as in the progress to recruit capable staff to facilitate the Group's expansion plan which are expected to be accomplished by 31 March 2020 as planned and shown in the Prospectus.
General working capital	9.8	4,523	—	4,523	
	<u>100.0</u>	<u>46,146</u>	<u>—</u>	<u>46,146</u>	

As at 31 March 2020, the status of the use of net proceeds raised from the Listing are as follows:

Business objective and strategy	Approximately % of net proceeds	Planned amount in total	Planned amount utilised as at 31 March 2020	Actual amount utilised as at 31 March 2020	Unutilised net proceeds up to 31 March 2020	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2020	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2021	Notes
						HK\$'000	HK\$'000	
Setting up of new outlets in Hong Kong	60.6	27,964	14,096	7,355	20,609	2,700	17,909	<p>New outlet located in Nam Cheong has opened in August 2020.</p> <p>The outlet located in Tseung Kwan O was opened in September 2019.</p> <p>The Group is in the progress to identify and negotiate for suitable locations which match with the expansion business plan for opening two new restaurants.</p> <p>Certain level of delay in the business expansion plan was caused by the social incidents and the outbreak of COVID-19 during the financial year 2020, which affecting the local economy and the customers visited.</p> <p>The management would be cautious for selection of locations as well as the timing for opening new restaurants by continuously assessing the development of market environment and accomplish the expansion plan for opening the remaining two restaurants as shown in the Prospectus by 31 March 2021.</p>

Business objective and strategy	Approximately % of net proceeds	Planned amount in total	Planned amount utilised as at 31 March 2020	Actual amount utilised as at 31 March 2020	Unutilised net proceeds up to 31 March 2020	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2020	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2021	Notes
						HK\$'000	HK\$'000	
Expansion of existing central kitchen in Hong Kong	20.0	9,229	9,229	4,024	5,205	687	4,518	<p>Expansion of existing central kitchen by renting extra premises in June 2019.</p> <p>Certain leasehold improvement constructions in central kitchen like expansion of storage areas, upgrading the electrical connection systems were completed and put into production since February 2020, while some other constructions were still under progress as at 31 March 2020, which are expected to be ready for use by 30 September 2020.</p> <p>Additional equipment such as, water filter system, food depositing machine and food transfer pump, were acquired and put into production during the financial year of 2020.</p> <p>Certain level of delay in the expansion plan of the central kitchen was caused by the social incidents and the outbreak of COVID 19 during the financial year 2020, which affecting the local economy and the customers visited, leading to the excess capacity in the central kitchen and the postponement of its renovation.</p> <p>Construction progress was also affected given the delay in shipment of materials for construction as well as the labours are recommended to be temporarily suspended from work to avoid of social gathering.</p>

Business objective and strategy	Approximately % of net proceeds	Planned amount in total	Planned amount utilised as at 31 March 2020	Actual amount utilised as at 31 March 2020	Unutilised net proceeds up to 31 March 2020	Unutilised net proceeds expected to be utilised for the six months ending 30 September 2020	Unutilised net proceeds expected to be utilised for the six months ending 31 March 2021	Notes
						HK\$'000	HK\$'000	
Further enhancement of brand recognition	5.2	2,400	1,714	2,147	253	—	253	Promotion campaigns and other marketing activities launched throughout the financial year of 2020. The Group is in the progress to sort out appropriate social platforms and marketing systems, the remaining proceeds is expected to be utilised by 31 March 2021 as planned and shown in the Prospectus.
Enhancement of operational capability and efficiency	4.4	2,030	2,030	1,648	382	382	—	Upgraded the existing equipment and systems at back office in August 2019. Keep on recruiting potential and capable staffs including, the newly recruited industrial experts/ consultants, district managers, human resources assistant to strengthen the operational capability and efficiency. The unutilised net proceeds is expected to be used in maintaining the salaries of additional staff employed by 30 September 2020.
General working capital	9.8	4,523	4,523	4,523	—	—	—	
	<u>100.0</u>	<u>46,146</u>	<u>31,592</u>	<u>19,697</u>	<u>26,449</u>	<u>3,769</u>	<u>22,680</u>	

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

Following the outbreak of COVID-19 since the late of year 2019, a series of precautionary and control measures have been and continued to be implemented over the world, among which mostly related to the Group's operation, including maintaining social distancing, restrictions on number of group gathering at catering business, controls over tourists and the emphasis of hygiene requirements. Furthermore, dine-in services in restaurants for certain specific timeslots were even prohibited since mid of July 2020 with uncertain time frame of the implementation for such measure, forming rigorous challenges to the catering industry as well as the local economy.

The management would be cautious for selection of locations as well as the timing for opening new restaurants and the utilisation of the net proceeds by continuously assessing the development of market environment in order to maximise the returns. The plan for use of net proceeds detailed above is from time to time being reviewed by the management by reference to the actual economic conditions and the development of the epidemic, and in case of any changes in plan subsequently, the Board will make further announcement for explanation immediately.

The Board confirms that the additional information provided in this announcement will not affect other information set out in the 2019 Annual Report and 2020 Annual Report.

By order of the Board
Tasty Concepts Holding Limited
Tang Hing Chee
Chairman

Hong Kong, 13 August 2020

As at the date of this announcement, the Directors are:

Executive Director:

Mr. Tang Chun Ho Chandler (*Chief Executive Officer*)

Non-executive Director:

Mr. Tang Hing Chee (*Chairman*)

Independent non-executive Directors:

Mr. Lai Man Hin

Mr. Ho Lai Chuen

Mr. Lee Koon Tak

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

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