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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

ANNUAL REPORT 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

*This report, for which the directors (the "**Directors**") of Tasty Concepts Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR:

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

NON-EXECUTIVE DIRECTOR:

Mr. Tang Hing Chee *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Ho Chun Yin Steven
Mr. Ho Lai Chuen
Mr. Lee Koon Tak

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Lee Koon Tak *(Chairman)*
Mr. Ho Chun Yin Steven
Mr. Ho Lai Chuen

REMUNERATION COMMITTEE

Mr. Ho Lai Chuen *(Chairman)*
Mr. Tang Chun Ho Chandler
Mr. Lee Koon Tak

NOMINATION COMMITTEE

Mr. Tang Hing Chee *(Chairman)*
Mr. Ho Lai Chuen
Mr. Lee Koon Tak

COMPANY SECRETARY

Ms. Yim Sau Ping *(FCPA)*

AUTHORISED REPRESENTATIVES

Mr. Tang Chun Ho Chandler
Ms. Yim Sau Ping *(FCPA)*

COMPLIANCE OFFICER

Mr. Tang Chun Ho Chandler

COMPLIANCE ADVISER

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(Certified Public Accountants)

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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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 am pleased to present the annual results for Tasty Concepts Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019.

During the year, the Company successfully listed its shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of public offer and placing in March 2019. The net proceeds of approximately HK$46.1 million have been received from the public offer and placing of new shares, which has strongly enhanced the Group's financial position and enable us to further expand our business.

The Group takes the successful listing as a milestone and will execute the future plan as set out in the prospectus dated 27 February 2019 (the "**Prospectus**") to set up a number of new outlets in Hong Kong with the back up of expanding our central kitchen in Hong Kong. We will also further enhance our brand recognition and continue to provide quality dining experience to our customers.

For the year ended 31 March 2019, the Group's total revenue was approximately HK$108.7 million (2018: approximately HK$99.6 million), representing a year-to-year growth of approximately 9.1%. The growth is mainly attributed to the establishment of strategic located new outlets opened in Hong Kong during the year/the second half of the financial year 2018. Loss for the year attributable to owners of the Company was approximately HK$12.3 million (2018: Profit for the year attributable to owners of the Company approximately HK$13.0 million). The significant decrease in profit was mainly due to the non-recurring listing expenses incurred and the start-up operating cost for new outlets.

In the past year, the catering industry in Hong Kong and the People's Republic of China (the "**PRC**") is ever-changing while the uncertainties over the China-US trade relationship and intensified competition even making the food and beverage industry becomes more challenging. Facing the erratic market environment, our management carefully assessed the overall market environment and reacted proactively in order to seize every opportunity for growth.

As always and going on, the Group maintained its focus on serving high quality "Hakata-Style" Japanese ramen and providing excellent customer services. Our management team emphasises on the quality control of ingredients sourcing, food processing and seasoning and services provided. In order to bring our customers a brand-new dining experience, during the year, we have reformed one of our outlets into "Limited King Store". By retaining our signature "Butao King", we are also offering several "Limited King" with limited flavours of ramen which based on special seasonal ingredients, of which no other of our restaurant offers.

In order to facilitate the fast-dining habit of urbanites, the Group also collaborated with an instant noodles manufacturer and launched our branded instant cup noodles during the year, which can capture the increasing demand of takeaways in the catering sectors and also improve the Group's exposure and brand penetration. Our loyalty customers can enjoy our signature ramen anywhere from now on.

To be abreast of the technology development, we have introduced several mobile integrated payment platforms, such as WeChat ("**微信支付**") and Alipay ("**支付寶**"), which are available at all of our restaurants in Hong Kong and the PRC in order to make the payment procedures more fluent and convenient for our customers.

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 experience to our guests.

Tang Hing Chee
Chairmen

Hong Kong, 21 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2019 and up to the date of this report, the Group has been principally engaged in operating ramen restaurants in Hong Kong and the PRC, generating revenue from provision of catering services.

Besides, the Group also generates revenue from (i) franchising the own brand to a franchisee to operate a ramen restaurant in Macau Special Administrative Region of the People's Republic of China ("**Macau**") and receive royalty fee income and income from sales of food and accessories products to the franchisee; (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 2019 and up to the date of this report, the Group operated 10 ramen restaurants in Hong Kong and the PRC.

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.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, save as disclosed in the paragraph headed "Non-compliance" in the Business section to the Prospectus, there was no material breach of non-compliance with the applicable laws and regulation by the Group during the year ended 31 March 2019.

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 details of ESG performance of the Group are set out in the ESG Report, which can be viewed or downloaded from the website of the Stock Exchange and the Company's official website no later than three months after the publication of the Company's 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 9.1% from approximately HK$99.6 million for the year ended 31 March 2018 to approximately HK$108.7 million for the year ended 31 March 2019. The growth is mainly attributed to the establishment of strategic located new outlets opened in Hong Kong during the year/the second half of the financial year 2018. Despite revenue generated from the Group's restaurants in the PRC dropped due to the gloomy economic environment in the PRC, the Group's overall revenue still recorded an increase in amount due to the significant growth contributed by restaurants operated in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the customers is detailed below:

	Year ended 31 March	
	2019	**2018**
	HK$'000	**HK$'000**
Hong Kong	**85,093**	74,035
The PRC	**17,724**	19,879
Macau (Note)	**5,856**	5,723
	108,673	99,637

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

COST OF INVENTORIES

Cost of inventories increased by approximately HK$1.4 million, or approximately 6.5%, from approximately HK$21.2 million for the year ended 31 March 2018 to approximately HK$22.6 million for the year ended 31 March 2019. The cost of inventories sold increased in line with the growth of the Group's revenue and amounted to approximately 21.3% and 20.8% of the Group's total revenue for the years ended 31 March 2018 and 2019, respectively. The ratio slightly dropped as compared to financial year 2018, mainly attributable to various cost control measures on procurement adopted by the Group and optimising the use of centralised kitchen.

OTHER INCOME

Other income mainly comprised of the bank interest income and other miscellaneous income. It amounted to approximately HK$10,000 and HK$123,000 for the years ended 31 March 2018 and 2019 respectively. The significant increase in amount is mainly due to more bank interest income received owing to the increment of average bank balance level during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER GAINS AND LOSSES

Other gains and losses mainly represented the net exchange (loss) gains.

STAFF COSTS

The staff costs increased by approximately 15.3% from approximately HK$27.2 million for the year ended 31 March 2018 to approximately HK$31.3 million for the year ended 31 March 2019, which was mainly attributable to the additional manpower employed for the newly operated restaurants. Staff costs were taken up the most significant portion of the operating costs, as a percentage of revenue, staff costs amounted to 27.3% for the year ended 31 March 2018 and 28.8% for the year ended 31 March 2019, which is mainly due to an increase in compensation levels of the staffs.

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

RENTAL AND RELATED EXPENSES

Rental and related expenses represents (i) rental expenses paid for restaurants, central kitchen, offices, warehouse and staff dormitories, (ii) building management fee, (iii) government rent and rates and (iv) rental for machineries. Rental and related expenses increased by approximately 19.5% from approximately HK$16.6 million to approximately HK$19.8 million from year ended 31 March 2018 to 2019, resulted from the business expansion of establishing more restaurants in Hong Kong during the year/second half of financial year 2018 as well as the incremental rental expenses charged over the existing rental premises followed by the macro-environment in property market. The rental and related expenses are maintained in a rather stable level, amounted to approximately 16.6% and approximately 18.2% of the Group's revenue for the years ended 31 March 2018 and 2019 respectively.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation represents depreciation charge for leasehold improvements and fixtures and equipment as well as amortisation of intangible assets of the Group. For the years ended 31 March 2018 and 2019, depreciation and amortisation expenses amounted to approximately HK$6.2 million and approximately HK$6.1 million respectively, representing a slight decrease of approximately 2.8% owing to certain assets being fully depreciated during the year.

OTHER EXPENSES

Other expenses mainly consist of water, electricity, gas and other utilities expenses, repair and maintenance fee, audit and professional fees, business and product development expenses, cleaning expenses and motor vehicle and logistics expenses. Other expenses increased from approximately HK$13.0 million to approximately HK$14.1 million from year ended 31 March 2018 to 2019, representing an increase of approximately 9.0%. The increase in amount is mainly attributed to the increase in utilities and consumable expenses resulted from more new restaurants commenced business. As a percentage of revenue, the other expenses remain stable at approximately 13.0% for both years ended 31 March 2018 and 2019.

LISTING EXPENSES

For the year ended 31 March 2019, the non-recurring listing expenses of approximately HK$23.5 million have been incurred and recognised in profit or loss.

TAXATION

The income tax expenses slightly increased by approximately 3.8% from approximately HK$2.4 million for the year ended 31 March 2018 to approximately HK$2.5 million for the year ended 31 March 2019, which is mainly due to certain of tax losses brought forward was fully utilised for the year ended 31 March 2018.

(LOSS)/PROFIT FOR THE YEAR

The Group recorded a loss of approximately HK$11.3 million for the year ended 31 March 2019 as compared to a profit of approximately HK$13.0 million for the year ended 31 March 2018, which was primarily due to the one-off listing expenses of approximately HK$23.5 million as well as the start-up operating cost incurred for new restaurants during the year ended 31 March 2019.

LIQUIDITY AND FINANCIAL RESOURCES, CAPTIAL STRUCTURE AND GEARING RATIO

The Group financed its business with internally generated cash flows, boworrings 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 2019, the Group's bank balances and cash amounting to approximately HK$84.5 million, representing an increase of approximately HK$69.4 million from approximately HK$15.1 million as at 31 March 2018. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2019, the Group recorded interest-bearing bank borrowings of approximately HK$3.4 million (31 March 2018: approximately HK$2.3 million). The interest-bearing bank borrowings were unsecured, repayable on demand and denominated in Hong Kong dollar and bore variable interest rate at Hong Kong dollar Best Lending Rate minus 0.5% per annum. The Group did not use any financial instrument for hedging purpose.

As at 31 March 2019, the Group's total current assets and current liabilities were approximately HK$92.4 million (31 March 2018: approximately HK$23.7 million) and approximately HK$19.6 million (31 March 2018: approximately HK$15.1 million) respectively. The Group's current ratio, calculated by dividing the total current assets over the total current liabilities, was approximately 4.7 times (31 March 2018: approximately 1.6 times). The Group's gearing ratio, calculated as percentage of sum of bank borrowings and amount due to a related party to the total equity attributable to owners of the Company, was approximately 3.7% as at 31 March 2019 (31 March 2018: approximately 21.2%).

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 2019, 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

As at 31 March 2019, 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 2019, the Group did not charge any assets as securities for borrowings.

DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation. The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

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 2019.

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. 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 the date of this report, there was no outstanding share option granted under the Share Option Scheme.

Details of the Company's Share Option Schemes are set out in Note 32 to the consolidates 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 the Prospectus and in this report, the Group did not have other plans for material investments or capital assets as of 31 March 2019.

COMMITMENT

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases with independent third party, which fall due as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Within one year	**12,625**	15,110
In the second to fifth year inclusive	**9,495**	16,887
	22,120	31,997

Operating lease payments represent rentals payable by the Group for office premises, restaurants, kitchen, staff dormitories and store room. Leases and rentals are negotiated for a term of one to five years. Certain leases are determined at the higher of a fixed rental or a pre-determined percentage on revenue of the relevant restaurants. As the future revenue of these restatements could not be reliably determined, the relevant contingent rents have not been included and only minimum lease commitment have been included in the table above. Other leases are fixed for terms of one to five years.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of 185 employees (31 March 2018: 158). The staff costs (included Directors' emoluments) were approximately HK$31.3 million for the year ended 31 March 2019 (2018: approximately HK$27.2 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. An analysis of the utilisation of the net proceeds is set out below:

	Approximately % of net proceeds %	Planned amount HK$ '000	Actual amount utilised as at 31 March 2019 HK$'000	Notes
Business objective and strategy				
Setting up of new outlets in Hong Kong	60.6	27,964	—	1
Expansion of existing central kitchen in Hong Kong	20.0	9,229	—	1
Further enhancement of the brand recognition	5.2	2,400	—	2
Enhancement of operational capability and efficiency	4.4	2,030	—	2
General working capital	9.8	4,523	—	
	100	46,146	—	

Notes:

1. *The Group is in the progress to identify and negotiate for suitable locations which match with the expansion business plan.*
2. *The Group is in the progress to sort out appropriate social platforms and marketing systems.*

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the Listing Date (i.e. 15 March 2019) is close to the date of the year ended 31 March 2019, the Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The management team will continuously examine the Group's business objective and will change or modify the plans against the changing market conditions to pursuit business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

OUTLOOK

The Group's objective is to provide premium quality "Hakata-Style" Japanese ramen and unforgettable excellent service to the customers. The Group always strive for every possible opportunity to enhance the operation efficiency and profitability of its business.

Apart from expanding the Group's restaurant network by establishing outlets located strategically in Hong Kong by taking advantage of better geographical coverage. The Group also plan to launch a series of marketing and promotion events in the second half of year 2019 not only to repay the Group's loyalty customers' continuous supports, but also to make awareness to attract new 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.

BIOGRPHICAL 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 DIRECTOR

Mr. Tang Chun Ho Chandler (鄧振豪) **("Mr. C Tang")**, aged 34, is the founder, executive Director, Chief Executive Officer and one of the controlling shareholders 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 on 28 August 2018. 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 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 8 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.

Mr. C Tang is the son of Mr. Tang Hing Chee.

NON-EXECUTIVE DIRECTOR

Mr. Tang Hing Chee (鄧慶治) **("Mr. HC Tang")**, aged 63, joined the Group as a director of a subsidiary of the Group on 1 January 2016 and resigned on 31 March 2017. Mr. HC Tang was appointed as the Chairman and non-executive Director on 28 August 2018. Mr. HC Tang is also one of the controlling shareholders. Mr. HC Tang is responsible for formulating overall business development strategy of the Group. He is also the chairman of the nomination committee of the Company (the "**Nomination Committee**").

Prior to joining the Group, Mr. HC Tang worked at Canon Hongkong Company Limited, whose principal business is the provision of digital imaging products in Hong Kong and Macau, from May 1998 to October 2017, during which Mr. HC Tang was promoted from sales manager to his last position as executive adviser. Prior to that he was the sales manager in Jardine Photo System from February 1978 to May 1998.

Mr. HC Tang completed his secondary education at Wilson College in Hong Kong in July 1974.

Mr. HC Tang has been a member of the fundraising committee of Heifer Hong Kong, a charity founded in 2000 to help impoverished families in Mainland China become self-reliant by providing livestock and animal husbandry training, since 2011.

Mr. HC Tang is the father of Mr. C Tang.

BIOGRPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Honourable Mr. Ho Chun Yin Steven BBS (何俊賢) **("The Hon. Mr. Ho")**, aged 39, was appointed as the independent non-executive Director on 21 February 2019. The Hon. Mr. Ho is also a member of the audit committee of the Company (the "**Audit Committee**").

The Hon. Mr. Ho has been a legislative council member representing the Agriculture and Fisheries Constituency since September 2012. The Hon. Mr. Ho is also, just to name a few, a member of the HKSAR Advisory Committee on Agriculture and Fisheries since June 2011, member of the HKSAR Country and Marine Parks Board since September 2013, member of the Consumer Council since November 2013 and a non-executive director of the Hong Kong Airport Authority since January 2016.

The Hon. Mr. Ho also actively participates in other public services, such as being the chairman of the Hong Kong Fishermen's Association since June 2017 and executive director of the New Territories association of Societies since 2014. The Hon. Mr. Ho has joined the Hong Kong and Kowloon Fishermen Youth Society since June 2008 and was the chairman of the society. The Hon. Mr. Ho was awarded Bronze Bauhinia Star in 2015 for his meritorious public and community service, particularly his contributions to promoting the well-being and sustainable development of the agriculture and fisheries sectors in Hong Kong.

The Hon. Mr. Ho obtained a bachelor degree of engineering in computer and communication systems engineering from the University of Birmingham, U.K. in July 2003. He also obtained a master's degree in administration and governance from the Sun Yat-Sen University, PRC, in June 2013.

Mr. Lee Koon Tak (李冠德) **("Mr. Lee")**, aged 48, was appointed as the independent non-executive Director on 21 February 2019. Mr. Lee is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Lee has over 20 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 64, 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 30 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.

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

SENIOR MANAGEMENT

Ms. Kwan Ka Ying (關稼瑩) **("Ms. Kwan")**, aged 31, the Chief Financial Officer, who has join the Group since 16 May 2018. She is responsible for the overall management of financial and administration of the Group.

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 35, the Chief Operations Officer. Mr. Lee has joined the Group since 8 June 2015. Mr. Lee is responsible for the marketing and brand management of the Group.

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 34, is the Chief Procurement Officer, who has joined the Group since 3 October 2016. Mr. Liu is responsible for the overseeing of delivery of products and research for market data.

BIOGRPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

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.

COMPANY SECRETARY

Ms. Yim Sau Ping (嚴秀屏) **("Ms. Yim")**, aged 36, was appointed as the company secretary of the Group on 22 February 2019.

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 seven 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 10 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

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 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are the restaurant chain operator selling Japanese ramen in Hong Kong and the PRC under the brand "豚王". Details of the principal activities of its subsidiaries are set out in Note 34 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.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 23 July 2018. The companies now comprising the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the structure of the Group in preparation for the public offer and placing of the shares of the Company on GEM of the Stock Exchange. Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Further details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" to the Prospectus. The shares of the Company were listed on GEM of the Stock Exchange by way of share offer with effect from 15 March 2019.

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 E.1.5 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 2019 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 2019 are set out in the consolidated statement of financial position and Note 33 to the consolidated financial statements respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Tuesday, 30 July 2019 (the "**2019 AGM**"). For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Thursday, 25 July 2019 to Tuesday, 30 July 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2019 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the company in Hong Kong, Boardroom Share Registrar (HK) Limited, at 2013B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 24 July 2019.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past three financial years is set out on page 84 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 14 to the consolidated financial statements.

DONATION

During the year ended 31 March 2019, the Group did not make any charitable donations. (2018: Nil)

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 24 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 33 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 2019 are set out in Note 30 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 2019, the Company's reserves available for distribution to owners comprising share premium account less accumulated losses, amounted to approximately HK$41.1 million.

DIRECTORS' REPORT

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 2019.

During the year ended 31 March 2019, the percentage of the Group's purchase amount attributable to the Group's largest supplier was approximately 12.8% 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 44.9% 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 DIRECTOR

Mr. Tang Chun Ho Chandler [Note] *(Chief Executive Officer)*	(Appointed on 23 July 2018)

NON-EXECUTIVE DIRECTOR

Mr. Tang Hing Chee *(Chairman)*	(Appointed 28 August 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chun Yin Steven	(Appointed 21 February 2019)
Mr. Ho Lai Chuen	(Appointed 21 February 2019)
Mr. Lee Koon Tak	(Appointed 21 February 2019)

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.

Note: Mr. C Tang was appointed as the Director on 23 July 2018 and re-designated as the executive Director on 28 August 2018.

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 30 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 2019.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the section "Directors' Report – Related Party Transaction and Connected Transaction" above and in the section headed "Relationship with Controlling Shareholders" in the Prospectus, 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.

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 11-14 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 10 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 2019 are set out in Note 10 (B) to the consolidated financial statements.

The emoluments of the senior management of the Group for the year ended 31 March 2019 falls within the following band:

Emolument Band	Number of Senior Management
Up 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 2019 are set out in Note 26 to the consolidated financial statement.

MANAGEMENT CONTRACTS

Save for the service agreements (for executive Director, non-executive Director 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 2019.

INTERESTS OF THE COMPLIANCE ADVISER

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

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

As at 31 March 2019, 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 registered referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 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	341,250,000	68.25%
Mr. HC Tang *(Note)*	Interest in a controlled corporation/Interest of spouse	341,250,000	68.25%

*Note: Brilliant Trade Enterprises Limited ("**Brilliant Trade**") is owned as to 35% and 35% by Mr. C Tang and Mr. HC Tang, each of whom by virtue of the SFO is deemed to be interested in 68.25% of the issued share capital of the Company in which Brilliant Trade is interested in.*

Save as disclosed above, as at 31 March 2019, 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 5.67 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 2019, the following persons/entities (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	341,250,000	68.25%
Ms. Tai Shiu Bun Mariana *(Note 1)*	Interest of spouse	341,250,000	68.25%
Ms. Lee Wai Yu Giselle *(Note 2)*	Interest of spouse	341,250,000	68.25%
Mr. Ng Wai Hung *(Note 3)*	Beneficial owner	33,750,000	6.75%

Notes:

(1) 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.

(2) 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.

(3) As at the date of this report, Mr. Ng Wai Hung's interest in the shares has reduced to 4.20% as he sold his beneficially owned shares.

Save as disclosed above, as at 31 March 2019, 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

Save for the Reorganisation as disclosed in the Prospectus, 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 2019.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company (the "**Controlling Shareholders**") 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 2019.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. C Tang, Mr. HC Tang, Ms. Tai Shiu Bun Mariana, Ms. Tang Wing Shan Ariel and Brilliant Trade (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and for the benefit of each other member of the Group) on 21 February 2019. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee of its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the core business of the Group (the "**Restricted Business**") or own any rights or interests in such business.

The Covenantors have further irrevocably undertaken that during the Restricted Period (as defined below), they will and will procure their close associates (except any member of the Group) (the Controlling Shareholders and their close associates together, "**Offeror**") to offer new business opportunities to the Company first in the following manner when any business, investment or other business opportunities (the "**New Business Opportunities**") related to the Restricted Business become available to the Offeror:

i. The Offeror will make referral of the New Business Opportunities to the Company, and will as soon as possible inform the Company in writing (the "**Offer Notice**") about all necessary and reasonably required information in respect of any New Business Opportunities (including but not limited to details of the nature and investment or acquisition cost of the New Business Opportunities) for the Company to consider (a) whether the relevant New Business Opportunities will compete with the Group's business and (b) whether taking up the New Business Opportunities is in the interest of the Group.

ii. Upon receipt of the Offer Notice, the independent non-executive Directors will consider whether to pursue the New Business Opportunities taking into account whether the relevant New Business Opportunities would be able to achieve a sustainable profitability level, whether they are in line with the prevailing development strategies of the Group, and whether they are in the best interest of the shareholders. The Company must inform the Offeror in writing within 20 business days after receipt of the Offer Notice about the Company's decision on whether the New Business Opportunities will be pursued.

iii. Only when (a) the Offeror has received the Company's notice to reject the New Business Opportunities and the Company's confirmation that the relevant New Business Opportunities are not considered to be able to compete with the Restricted Business; or (b) the Offeror has not received the relevant notice from the Company within the period as stated above in paragraph (ii) after the Offer Notice has been received by the Company, then the Offeror is entitled to take up the New Business Opportunities on terms and conditions not more favourable than those specified in the Offer Notice issued to the Company.

If material changes occur in the terms and conditions of the New Business Opportunities after the referral of which have been made or procured to be made to the Company by the Offeror, referral of the revised New Business Opportunities shall be made by the Offeror to us again in the manner as stated above.

The undertakings under the Deed of Non-competition are not applicable in the following circumstances:

(i) the Covenantors and/or their close associates engage in the Restricted Business directly or indirectly through the ownership of equity interest in any member of the Group; or
(ii) the Covenantors and/or their close associates engage in the Restricted Business directly or indirectly through the ownership of equity interest in listed companies other than the Group, with the following conditions being satisfied:

  i. the Restricted Business (and relevant assets) conducted or carried out by such company represents less than 10% of the revenue or total assets of such company according to the latest audited accounts of such company; and
  ii. the Controlling Shareholders and/or their close associates (except any member of the Group) hold in aggregate not more than 10% of the issued share capital of the relevant class of shares of such company, and the Controlling Shareholders and/or their close associates (except any member of the Group) have no right to appoint the majority of directors of such company or participate in the management of such company.

Pursuant to the Deed of Non-competition, the restricted period (the "**Restricted Period**") refers to the period commencing from the Listing Date and ending on the following dates (whichever occurs first):

(i) the date on which the shares cease to be listed on the Stock Exchange; or
(ii) the date on which the Covenantors and their close associates, jointly and severally, cease to be Controlling Shareholders (having the meaning ascribed to it in the GEM Listing Rules) of the Company.

Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with Controlling Shareholders – Non-competition Undertakings" in the Prospectus.

During the year, the Company has received a declaration from each Controlling Shareholders of the Company in respect of him/her/it and his/her/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 25-34 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 2019.

DIRECTORS' REPORT

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.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

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

Hong Kong, 21 June 2019

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 emphasize 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 Appendix 15 of the GEM Listing Rules since Listing Date up to the date of this report. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 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 2019.

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 at this report is set out as follows:

EXECUTIVE DIRECTOR

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

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTOR

Mr. Tang Hing Chee *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chun Yin Steven
Mr. Ho Lai Chuen
Mr. Lee Koon Tak

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 11-14 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**") before Listing Date, 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. SELECTION CRITERIA

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 Board's composition will be disclosed in the annual report of the Company.

4. MONITORING AND REVIEW OF THE BOARD DIVERSITY POLICY

4.1 The Nomination Committee will monitor the implementation of the Board Diversity Policy.

4.2 The Nomination Committee will from time to time review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the policy.

5. DISCLOSURE OF THE BOARD DIVERSITY POLICY

A summary of the Board Diversity Policy will be disclosed in the annual Corporate Governance Report of the Company.

NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**") before Listing Date, 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 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.

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

8.1 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 will be disclosed in the annual Corporate Governance Report of the Company.

8.2 In the circular to shareholders for proposing a candidate as an independent non-executive Director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;

- if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;

- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

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 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director, non-executive Director and independent non-executive Directors has entered into a service contract with the Company on 21 February 2019. The service contracts with the executive Director, non-executive Director and independent non-executive Directors are for an initial fixed term of three years commencing from the Listing 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.

All Directors will retire from office at the forthcoming annual general meeting of the Company to be held on 30 July 2019. All Directors, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of all Directors.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

The initial term of office of each of the non-executive Directors (including independent non-executive Directors) is three years, subject to re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The role of Chairman remains separate from that of the Chief Executive Officer to enhance their respective independence, accountability and responsibility. Mr. Tang Hing Chee is the Chairman of the Board. Mr. Tang Chun Ho Chandler is the Chief Executive Officer of the Company.

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 2019, the Company has provided and all Directors have attended training courses on the updates of 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.

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.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 21 February 2019. The chairman of the Remuneration Committee is Mr. Ho Lai Chuen, the independent non-executive Director, and other members includes Mr. Lee Koon Tak, the independent non-executive Director and Mr. C Tang, the 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. 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 has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2019. No Director or any of his associates is involved in deciding his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 21 February 2019. The chairman of the Nomination Committee is Mr. HC Tang, the Chairman and non-executive Director, and other members included Mr. Mr. Lee Koon Tak and Mr. Ho Lai Chuen, 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 and makes recommendations to the Board on appointment of new Directors of the Company. 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.

AUDIT COMMITTEE

The Audit Committee was established on 21 February 2019. The chairman of the Audit Committee is Mr. Lee Koon Tak, the independent non-executive Director, and other members included Mr. Ho Lai Chuen and Mr. Ho Chun Yin Steven, 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.

The Group's consolidated financial statements for the year ended 31 March 2019 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 2019 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.

From the Listing Date (i.e. 15 March 2019) to 31 March 2019, the Board, Audit Committee, Remuneration Committee and Nomination Committee did not hold any meeting. Also no general meeting was held.

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.

The Company engages an external service provider, Ms. Yim as its Company Secretary. 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, is the primary contact person who Ms. Yim contacts.

For the year ended 31 March 2019, Ms. Yim undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biography of Ms. Yim is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

INDEPENDENT AUDITORS' REMUNERATION

Deloitte Touche Tohmatsu is appointed as the external auditor of the Company. The fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$1.0 million and HK$3.4 million respectively for the year ended 31 March 2019.

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 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 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 2019 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 C.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.

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 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.

Since the Listing Date, there is no significant change in the memorandum and articles of association of the Company.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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 39 to 83, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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.

INDEPENDENT AUDITOR'S REPORT

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 the significance of revenue 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 2019, revenue from operation of restaurants amounted to HK$102,777,000 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; • 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; and • Using data analytic tools to identify any unusual patterns of revenue from operation of restaurants, and obtaining appropriate evidence in order to understand the unusual patterns identified, if any.

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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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 Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	Year ended 31 March 2019 HK$'000	2018 HK$'000
Revenue	6	**108,673**	99,637
Cost of inventories		**(22,586)**	(21,198)
Other income	7	**123**	10
Other gains and losses	7	**(12)**	14
Staff costs		**(31,326)**	(27,174)
Rental and related expenses		**(19,804)**	(16,578)
Depreciation and amortisation		**(6,059)**	(6,231)
Other expenses		**(14,139)**	(12,967)
Listing expenses		**(23,500)**	—
Finance costs	8	**(171)**	(159)
(Loss) profit before taxation	9	**(8,801)**	15,354
Taxation	11	**(2,472)**	(2,382)
(Loss) profit for the year		**(11,273)**	12,972
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operation		**(323)**	460
Total comprehensive (expense) income for the year		**(11,596)**	13,432
(Loss) profit for the year attributable to:			
Owners of the Company		**(12,261)**	12,972
Non-controlling interests		**988**	—
		(11,273)	12,972
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(12,573)**	13,432
Non-controlling interests		**977**	—
		(11,596)	13,432
(Loss) earnings per share			
Basic (HK cents)	13	**(3.22)**	3.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	NOTES	As at 31 March 2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment	14	**13,880**	12,871
Intangible assets	15	**47**	71
Deposits	17	**3,558**	4,671
Deferred tax assets	22	**1,150**	1,068
		18,635	18,681
Current assets			
Inventories	16	**1,657**	1,283
Trade and other receivables, deposits and prepayments	17	**5,503**	4,390
Amounts due from related parties	18	**—**	754
Tax recoverable		**665**	217
Pledged bank deposits	19	**—**	1,900
Bank balances and cash	19	**84,535**	15,129
		92,360	23,673
Current liabilities			
Trade and other payables and accruals	20	**15,251**	6,937
Amount due to a related party	18	**—**	3,418
Tax payable		**927**	2,407
Bank borrowings	21	**3,395**	2,321
		19,573	15,083
Net current assets		**72,787**	8,590
Total assets less current liabilities		**91,422**	27,271
Non-current liabilities			
Provisions	23	**255**	225
Net assets		**91,167**	27,046
Capital and reserves			
Share capital	24	**5,000**	9
Reserves		**86,167**	27,037
Total equity		**91,167**	27,046

The consolidated financial statements on pages 39 to 83 were approved and authorised for issue by the Board of Directors on 21 June 2019 and are signed on its behalf by:

Tang Chun Ho Chandler
Director

Tang Hing Chee
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)	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	9	–	2,050	–	(238)	22,793	24,614	–	24,614
Profit for the year	–	–	–	–	–	12,972	12,972	–	12,972
Other comprehensive income for the year	–	–	–	–	460	–	460	–	460
Total comprehensive income for the year	–	–	–	–	460	12,972	13,432	–	13,432
Dividends declared (note 12)	–	–	–	–	–	(11,000)	(11,000)	–	(11,000)
Transfer to statutory reserve	–	–	–	66	–	(66)	–	–	–
At 31 March 2018	9	–	2,050	66	222	24,699	27,046	–	27,046
(Loss) profit for the year	–	–	–	–	–	(12,261)	(12,261)	988	(11,273)
Other comprehensive expense for the year	–	–	–	–	(312)	–	(312)	(11)	(323)
Total comprehensive (expense) income for the year	–	–	–	–	(312)	(12,261)	(12,573)	977	(11,596)
Issue of shares (note 2(i))	71	–	–	–	–	–	71	–	71
Issue of shares (note 2(ii))	–*	–	–	–	–	–	–*	–	–*
Issue of shares (note 2(iii))	7	–	5,993	–	–	–	6,000	–	6,000
Change in shareholding in Butao Global Limited ("Butao Global") without losing control (Note iii)	–	–	(2,799)	–	–	–	(2,799)	2,799	–
Transfer upon Reorganisation on 21 February 2019 (note 2(v))	(87)	–	3,863	–	–	–	3,776	(3,776)	–
Issue of shares on 15 March 2019	1,250	86,250	–	–	–	–	87,500	–	87,500
Capitalisation issue (note 24(iii))	3,750	(3,750)	–	–	–	–	–	–	–
Transaction costs attributable to issue of shares	–	(17,854)	–	–	–	–	(17,854)	–	(17,854)
Transfer to statutory reserve	–	–	–	43	–	(43)	–	–	–
At 31 March 2019	5,000	64,646	9,107	109	(90)	12,395	91,167	–	91,167

* *less than HK$1,000*

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) On 3 July 2018, the Pre-IPO Investor (as defined in note 2) subscribed 900 new shares of Butao Global for a cash consideration of HK$6,000,000. Following the completion of share subscription, Butao Global was owned as to 91% by Brilliant Trade Enterprises Limited ("Brilliant Trade") and 9% by the Pre-IPO Investor and a non-controlling interests of HK$2,799,000 is recognised accordingly.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March 2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(8,801)**	15,354
Adjustments for:		
Bank interest income	**(57)**	(5)
Amortisation of intangible assets	**24**	24
Depreciation of property and equipment	**6,035**	6,207
Finance costs	**171**	159
Operating cash flows before movements in working capital	**(2,628)**	21,739
Increase in inventories	**(374)**	(322)
Increase in trade and other receivables, deposits and prepayments	**(264)**	(1,220)
Increase in trade and other payables and accruals	**8,489**	818
Increase in provisions	**30**	30
Cash generated from operations	**5,253**	21,045
Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") paid	**(4,482)**	(1,033)
NET CASH FROM OPERATING ACTIVITIES	**771**	20,012
INVESTING ACTIVITIES		
Bank interest received	**57**	5
Purchases of property and equipment	**(7,277)**	(6,991)
Deposits paid for acquisition of property and equipment	**—**	(264)
Withdrawal of pledged bank deposits	**1,900**	—
Advances to related parties	**(2,221)**	(2,926)
Repayments from related parties	**2,975**	461
NET CASH USED IN INVESTING ACTIVITIES	**(4,566)**	(9,715)
FINANCING ACTIVITIES		
Interests paid	**(171)**	(159)
Issue of shares	**93,571**	—
Shares issuance cost paid	**(17,854)**	—
New bank borrowings raised	**4,000**	—
Repayments of bank borrowings	**(2,926)**	(2,359)
Advances from related parties	**297**	853
Repayments to related parties	**(3,715)**	(3,284)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**73,202**	(4,949)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**69,407**	5,348
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**15,129**	9,653
Effect of foreign exchange rate changes	**(1)**	128
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**84,535**	15,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 July 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 March 2019 (the "**Listing**"). The immediate holding company of the Company is Brilliant Trade, 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 Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 6th Floor, Goldsland Building, 22-26 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

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

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

Before the group reorganisation as stated below, the group entities are wholly-owned by Butao Ramen, a limited liability company incorporated in Hong Kong and Butao Ramen was then owned by Brilliant Trade.

In preparation of the Listing, the companies comprising the Group underwent a group reorganisation ("**Reorganisation**") as described below.

(i) On 14 June 2018, Butao Global was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 ordinary shares at a par value of United States Dollar ("**USD**") 1 each. On the same day, 9,090 shares of Butao Global were allotted and issued to Brilliant Trade.

(ii) On 27 June 2018, Butao Global acquired entire equity interests of Butao Ramen from Brilliant Trade in consideration of issuing 10 shares of Butao Global to Brilliant Trade. Upon the completion of the transfer, Butao Ramen is the wholly-owned subsidiary of Butao Global.

(iii) On 3 July 2018, a pre-IPO investor ("**Pre-IPO Investor**"), who is an independent third party, subscribed for 900 new shares of Butao Global for a cash consideration of HK$6,000,000. Upon the completion of the subscription, Brilliant Trade and the Pre-IPO Investor hold equity interest of Butao Global amounting to 91% and 9%, respectively.

(iv) On 23 July 2018, the Company was incorporated in the Cayman Islands as a limited liability company with an authorised share capital of 1,000,000 ordinary shares at a par value of HK$0.01 each. On the same date, 1 share of the Company was allotted and issued to the first subscriber, who is an independent third party, and then transferred to Brilliant Trade at par in cash.

(v) On 21 February 2019, the Company acquired 91% and 9% equity interests of Butao Global from Brilliant Trade and the Pre-IPO Investor in consideration of issuing 9,099 and 900 shares of the Company to Brilliant Trade and Pre-IPO Investor, respectively. Upon the completion of the transfer, Butao Global is the wholly-owned subsidiary of the Company.

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

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group since 21 February 2019 by interspersing the Company and Butao Global between Brilliant Trade and Butao Ramen. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2019 and 2018 have been prepared as if the current group structure had been in existence throughout the year, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group where applicable.

The consolidated statement of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the Group as if the current group structure had been in existence as at those dates taking into account the respective dates of incorporation where applicable.

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

The Group has adopted and consistently applied HKFRSs issued by the Hong Kong Institution of Certified Public Accountants ("**HKICPA**") that are effective for the accounting period beginning on 1 April 2018 for both current and prior year, except that the Group adopted HKFRS 9 "Financial Instruments" from 1 April 2018. The accounting policies for financial instruments under Hong Kong Accounting Standard ("**HKAS**") 39 "Financial Instruments: Recognition and Measurement" and HKFRS 9 are set out in note 4 below.

HKFRS 9 "FINANCIAL INSTRUMENTS" AND THE RELATED AMENDMENTS

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses ("**ECL**") for financial assets; and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Classification and measurement of financial assets
All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

Impairment under ECL model
As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The Group applies simplified approach which uses a lifetime ECL to measure ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually. Based on assessment by the management of the Group, the management of the Group considers the ECL for trade receivables are insignificant at 1 April 2018.

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

HKFRS 9 "FINANCIAL INSTRUMENTS" AND THE RELATED AMENDMENTS *(CONTINUED)*

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables and deposits, amounts due from related parties, pledged bank deposits and bank balances, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

For pledged bank deposits and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12-month ECL is insignificant.

For other receivables and deposits and amounts due from related parties, the management of the Group makes individual assessment on the recoverability of debtors based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, the management of the Group considers the ECL for other receivables and deposits and amounts due from related parties is insignificant.

NEW AND AMENDEMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Hong Kong (International Financial Reporting Interpretations Committee) Interpretations ("HK(IFRIC) – Int") 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[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 HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

1 *Effective for annual periods beginning on or after 1 January 2019.*
2 *Effective for annual periods beginning on or after a date to be determined.*
3 *Effective for annual periods beginning on or after 1 January 2021.*
4 *Effective for business combinations and asset acquisitions for the acquisition date is on or after beginning of the first annual period beginning on or after 1 January 2020.*
5 *Effective for annual periods beginning on or after 1 January 2020.*

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" ("HKAS 17") and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

NEW AND AMENDEMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE *(CONTINUED)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

In contrast to lease accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$22,120,000 as disclosed in note 25. A preliminary assessment indicates that these arrangements meet the definition of a lease. Upon application of HKFRS 16, the Group recognises a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. Such changes increase the assets and liabilities of the Group, however, the directors of the Company do not expect the adoption of HKFRS 16, as compared to the current accounting policies of the Group, would result in significant impact on the results and net assets of the Group.

In addition, the Group currently considers refundable rental deposits paid of HK$5,518,000 as at 31 March 2019 as rights under leases to which HKAS 17 applies as disclosed in note 17. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an arrangement contains a lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as leasee and has recognised the cumulative effect of initial application to opening accumulated profits without restating comparative information.

<u>Amendments to HKAS 1 and HKAS 8 "Definition of Material"</u>

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

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

NEW AND AMENDEMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE *(CONTINUED)*

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

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 within the scope of HKAS 17, 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".

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.

<u>Basis of consolidation</u>

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation *(continued)*

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.

Revenue from contracts with customers

Under HKFRS 15, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue from contracts with customers *(continued)*

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 a franchisee

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.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other 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.

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 "(loss) 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 (other than in a business combination) 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.

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.

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property and equipment

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.

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 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 the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss on tangible and intangible assets other than financial assets (see the accounting policy in respect of financial assets below)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units 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 cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. 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. 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. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment loss on tangible and intangible assets other than financial assets (see the accounting policy in respect of financial assets below) *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit) 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.

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).

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 since 1 April 2018. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on 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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, deposits, amounts due from related parties, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (continued)

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 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 12-month 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;
- 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

(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. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (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.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, amounts due from related parties, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018)

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018) (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and accruals, amount due to a related party and bank borrowings 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimation of useful lives and impairment assessment of property and equipment

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property and equipment. This estimate is based on the management's experience of the actual useful lives of property and equipment of similar nature and functions. The management of the Group will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

In addition, the management of the Group assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property and equipment may not be recoverable. When the recoverable amounts of property and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 March 2019, the carrying amounts of property and equipment is HK$13,880,000 (2018: HK$12,871,000).

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	
	2019	2018
	HK$'000	HK$'000
Recognised at a point in time:		
Operation of restaurants in Hong Kong	**85,053**	74,035
Operation of restaurants in the PRC	**17,724**	19,879
Sales of food and related products to a franchisee	**4,770**	4,610
Recognised over time:		
Royalty fee income from a franchisee *(Note i)*	**1,086**	1,113
License fee income from a licensee *(Note ii)*	**40**	—
	108,673	99,637

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Revenue *(continued)*

Notes:

(i) Royalty fee income is calculated with reference to the revenue of the restaurant run by the franchisee for a term of five years.

(ii) License fee income is calculated with reference to the production volume of the licensed products produced by the licensee for a term of two years.

Contract for royalty fee income is under 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 franchisee. 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.

Contract for license fee income is 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.

Segment information

The Group is principally engaged in operation of Japanese ramen restaurants in Hong Kong and the PRC. 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.

Geographical information

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

	Year ended 31 March		Non-current assets As at 31 March	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Hong Kong	**85,093**	74,035	**12,272**	9,895
The PRC	**17,724**	19,879	**5,213**	7,718
Macau Special Administrative Region of the People's Republic of China ("**Macau**") *(Note)*	**5,856**	5,723	**—**	—
	108,673	99,637	**17,485**	17,613

Note: 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.

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

7. OTHER INCOME/OTHER GAINS AND LOSSES

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Other income:		
Bank interest income	**57**	5
Others	**66**	5
	123	10
Other gains and losses:		
Net exchange (losses) gains	**(12)**	14

8. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Interests on bank borrowings	**171**	159

9. (LOSS) PROFIT BEFORE TAXATION

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Auditor's remuneration	**950**	223
Directors' remuneration *(note 10)*	**1,038**	986
Other staff costs:		
– salaries, bonuses and allowances	**28,383**	24,825
– retirement benefits schemes contributions	**1,905**	1,363
Total staff costs	**31,326**	27,174
Depreciation of property and equipment	**6,035**	6,207
Amortisation of intangible assets	**24**	24
Operating leases rentals in respect of rented premises for:		
– minimum lease payments	**16,702**	13,974
– contingent rents *(Note)*	**1,017**	638
	17,719	14,612

Note: The operating lease rentals for restaurants are determined as the higher of fixed rentals or pre-determined percentages on revenue of the restaurants pursuant to the terms and conditions that are set out in the rental agreements.

10. 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$'000	Salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019				
Executive director				
Mr. C Tang	**—**	**980**	**18**	**998**
Non-executive director				
Mr. HC Tang (Note i)	**—**	**16**	**—**	**16**
Independent non-executive directors				
Mr. Ho Chun Yin Steven (Note ii)	**—**	**8**	**—**	**8**
Mr. Ho Lai Chuen (Note iii)	**—**	**8**	**—**	**8**
Mr. Lee Koon Tak (Note iv)	**—**	**8**	**—**	**8**
	—	**1,020**	**18**	**1,038**
Year ended 31 March 2018				
Executive director				
Mr. C Tang	—	968	18	986

Notes:

(i) Mr. HC Tang was appointed as non-executive director of the Company on 28 August 2018.

(ii) Mr. Ho Chun Yin Steven was appointed as independent non-executive director of the Company on 21 February 2019.

(iii) Mr. Ho Lai Chuen was appointed as independent non-executive director of the Company on 21 February 2019.

(iv) Mr. Lee Koon Tak was appointed as independent non-executive director of the Company on 21 February 2019.

Mr. C Tang acts 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 director stated above were for his services in connection with the management of the affairs of the Company and the Group.

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

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

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

No emoluments were 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

Of the five individuals with the highest emoluments in the Group, one (2018: one) was a director of the Company for the year ended 31 March 2019 whose emoluments are included in the disclosure above. The emoluments of the remaining four (2018: four) individuals are as follows:

	Year ended 31 March	
	2019	**2018**
	HK$'000	**HK$'000**
Salaries and allowances	**1,908**	1,536
Discretionary bonus (Note)	**—**	272
Retirement benefits schemes contributions	**68**	69
	1,976	1,877

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.

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	
	2019	**2018**
Nil to HK$1,000,000	**4**	4

No emoluments were 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.

11. TAXATION

	Year ended 31 March	
	2019	**2018**
	HK$'000	**HK$'000**
The taxation comprises:		
Hong Kong Profits Tax:		
Charge for the year	**2,637**	2,094
Overprovision in prior years	**(83)**	—
	2,554	2,094
PRC EIT:		
Charge for the year	**—**	395
	2,554	2,489
Deferred tax credit *(note 22)*	**(82)**	(107)
	2,472	2,382

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2019, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK$2,000,000 of that subsidiary. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year.

11. TAXATION *(CONTINUED)*

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

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
(Loss) profit before taxation	**(8,801)**	15,354
Tax at the Hong Kong Profits Tax rate of 16.5%	**(1,452)**	2,533
Tax effect of income not taxable for tax purpose	**(9)**	—
Tax effect of expense not deductible for tax purpose	**4,004**	76
Overprovision in prior years	**(83)**	—
Effect of tax rates of subsidiaries operating in other jurisdiction	**—**	134
Utilisation of tax losses previously not recognised	**(7)**	(12)
Tax effect of tax losses not recognised	**273**	—
Income tax at concessionary rate (Note)	**(150)**	(371)
Tax effect on two-tiered tax rate	**(165)**	—
Others	**61**	22
Taxation charge	**2,472**	2,382

Note: The tax concession for Hong Kong Profits Tax is reduced by 75% (2018: 75%), subject to a ceiling of HK$30,000 (2018: HK$30,000) for each company for the year ended 31 March 2019.

*The tax concession for PRC Enterprise Income Tax applicable to PRC entities with assessable profits of Renminbi ("**RMB**") 500,000 or lower are taxed at 10% for the year ended 31 December 2017. Since 1 January 2018, PRC entities with assessable profits of RMB1,000,000 or lower are taxed at 10%.*

12. DIVIDENDS

During the year ended 31 March 2018, Butao Ramen declared dividends of HK$11,000,000 to the then shareholder.

No dividend was paid or declared by the Company since its incorporation during the year ended 31 March 2019.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2019.

13. (LOSS) EARNINGS PER SHARE

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

	Year ended 31 March	
	2019 HK$'000	2018 HK$'000
(Loss) earnings		
(Loss) earnings for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(12,261)**	12,972

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**380,821,918**	375,000,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2017.

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

14. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST				
At 1 April 2017	15,379	7,164	887	23,430
Additions	6,441	1,791	—	8,232
Exchange realignment	409	80	—	489
At 31 March 2018	22,229	9,035	887	32,151
Additions	5,363	2,003	—	7,366
Exchange realignment	(493)	(88)	—	(581)
At 31 March 2019	27,099	10,950	887	38,936
DEPRECIATION				
At 1 April 2017	8,354	3,675	887	12,916
Provided for the year	4,220	1,987	—	6,207
Exchange realignment	121	36	—	157
At 31 March 2018	12,695	5,698	887	19,280
Provided for the year	4,483	1,552	—	6,035
Exchange realignment	(211)	(48)	—	(259)
At 31 March 2019	16,967	7,202	887	25,056
CARRYING AMOUNTS				
At 31 March 2019	10,132	3,748	—	13,880
At 31 March 2018	9,534	3,337	—	12,871

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 vehicle	30%

15. INTANGIBLE ASSETS

	Trademark HK$'000
COST	
At 1 April 2017, 31 March 2018 and 31 March 2019	119
AMORTISATION	
At 1 April 2017	24
Provided for the year	24
At 31 March 2018	48
Provided for the year	24
At 31 March 2019	72
CARRYING VALUES	
At 31 March 2019	47
At 31 March 2018	71

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. 10 years).

16. INVENTORIES

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Food and beverages, at cost	**1,657**	1,283

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Trade receivables from restaurant operations	**526**	264
Trade receivables from the franchisee	**483**	859
Trade receivables from a licensee	**6**	—
Rental deposits	**5,518**	5,167
Utilities and other deposits	**1,132**	974
Deposits paid for acquisition of property and equipment	**—**	264
Other receivables	**422**	337
Prepayments	**974**	1,196
Total trade and other receivables, deposits and prepayments	**9,061**	9,061
Analysed for reporting purposes as:		
Non-current assets	**3,558**	4,671
Current assets	**5,503**	4,390
	9,061	9,061

There was no credit period granted to individual customers for the restaurant operations.

The Group's trading terms with its customers are mainly by cash, electronic or mobile payments. Electronic or mobile payments will normally be settled within 7 days after trade date. Trade receivables also include royalty fee income and sales income receivable from a franchisee and license fee income receivable from a licensee with credit periods up to 30 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	
	2019 HK$'000	2018 HK$'000
0 - 30 days	**526**	264

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(CONTINUED)*

An ageing analysis of the trade receivables from the franchisee, based on the invoice date, which approximate the revenue recognition date, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
0 - 30 days	**470**	785
31 - 60 days	**1**	—
61 - 90 days	**—**	6
over 90 days	**12**	68
	483	859

As at 31 March 2019, trade receivables from the franchisee with aggregate carrying amount of HK$13,000 were past due more than 30 days but less than 90 days. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information of the franchisee, the directors of the Company do not consider credit risks have increased significantly as the franchisee has a good business relationship with the Group and recurring overdue records of the franchisee with satisfactory settlement history.

As at 31 March 2018, 93% of the trade receivables that are neither past due nor impaired have good repayment records.

As at 31 March 2018, included in the Group's trade receivables from the franchisee with carrying amount of HK$74,000 which were past due for which the Group had not provided for impairment loss as there were settlements subsequent to the end of the reporting period and there were continuous settlements from the franchisee. Moreover, the directors of the Company did not aware of any significant change in credit quality of the trade receivables. Thus, the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing analysis of trade receivables from the franchisee which are past due but not impaired based on the due date:

	As at 31 March
	2018
	HK$'000
31 - 60 days	6
61 - 90 days	68
	74

The ageing analysis of the trade receivables from a licensee, based on the invoice date, which approximate the revenue recognition date, is within the banding of 0-30 days as at 31 March 2019. All these trade receivables are not past due at the end of the reporting period.

Details of impairment assessment of trade and other receivables and deposits as at 31 March 2019 are set out in note 28.

18. AMOUNTS DUE FROM (TO) RELATED PARTIES

AMOUNTS DUE FROM RELATED PARTIES

The amounts were non-trade nature, unsecured, interest-free and repayable on demand.

	As at 31 March		Maximum amount outstanding during the year ended 31 March	
	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000
Mr. C Tang	—	—	—	5,435
Butao Ramen BVI *(Note i)*	—	—	—	105
Ideal Butao Limited ("**Ideal Butao**") *(Note ii)*	—	754	**754**	754
Brilliant Trade	—	—	—	117
	—	754	**754**	6,411

Notes:

(i) Butao Ramen BVI is wholly-owned by Mr. C Tang.

(ii) Ideal Butao was owned as to 51% by Mr. C Tang prior to its deregistration on 8 March 2019.

AMOUNT DUE TO A RELATED PARTY

The amount was non-trade nature, unsecured, interest-free and repayable on demand.

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Mr. C Tang	—	3,418

19. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging of 0.12% to 0.3% (2018: 0.01% to 0.3%) per annum as at 31 March 2019.

As at 31 March 2018, pledged bank deposits represented deposits pledged to banks to secure the bank borrowings granted to the Group, and carried with prevailing market interest rate of 0.01% per annum.

Details of impairment assessment of bank balances as at 31 March 2019 set out in note 28.

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Trade payables	**2,287**	1,745
Salary payables	**1,919**	1,934
Payable for acquisition of property and equipment	**—**	175
Effective rent payable	**1,671**	1,600
Accrual for listing expenses	**6,257**	—
Other payables and accruals	**3,117**	1,483
	15,251	6,937

The credit period on purchases is ranging from 0 to 30 days. An ageing analysis of the trade payables, based on the invoice date, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
0 - 30 days	**2,269**	1,735
31 - 60 days	**18**	10
	2,287	1,745

21. BANK BORROWINGS

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Secured and guaranteed bank borrowings	**—**	2,321
Unsecured and guaranteed bank borrowings	**3,395**	—
Total	**3,395**	2,321
The carrying amounts are repayable*:		
Within one year	**756**	1,850
Within a period of more than one year but not exceeding two years	**792**	471
Within a period of more than two years but not exceeding five years	**1,847**	—
	3,395	2,321
Less: Amounts due within one year or contain a repayable on demand clause shown under current liabilities	**(3,395)**	(2,321)
Amounts shown under non-current liabilities	**—**	—

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

21. BANK BORROWINGS *(CONTINUED)*

The unsecured and guaranteed bank borrowings as at 31 March 2019 is guaranteed by the Company and certain subsidiaries of the Group.

The secured and guaranteed bank borrowings as at 31 March 2018 were secured by pledged bank deposits as disclosed in note 19 and were guaranteed by Mr. C Tang and certain subsidiaries of the Group.

As at 31 March 2019, the bank borrowings of the Group carry variable interest rate at HK$ Best Lending Rate minus 0.5% (2018: 0.5%) per annum.

22. DEFERRED TAXATION

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

	Tax losses HK$'000	Accelerated accounting depreciation HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2017	329	645	(13)	961
(Charge) credit to profit or loss *(note 11)*	(329)	423	13	107
At 31 March 2018	—	1,068	—	1,068
Credit to profit or loss *(note 11)*	—	82	—	82
At 31 March 2019	—	1,150	—	1,150

At 31 March 2019, no deferred tax asset has been recognised in respect of the tax losses of HK$1,654,000 (2018: HK$41,000) due to unpredictability of future profit streams. Included in unused tax losses of HK$1,654,000 (2018: nil) that can be carried forward for five years from the year in which the losses arose. The tax losses as at 31 March 2018 might 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.

23. PROVISIONS

	Provisions for reinstatement cost HK$'000
As at 1 April 2017	195
Additions	30
As at 31 March 2018	225
Additions	30
As at 31 March 2019	255

The provisions of reinstatement cost for reinstating the rented premises 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.

24. SHARE CAPITAL

The share capital as at 1 April 2017 and 31 March 2018 represented the share capital of Butao Ramen.

The share capital as at 31 March 2019 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 23 July 2018 (date of incorporation) and 31 March 2019	1,000,000	10
Issued and paid:		
At 23 July 2018 (date of incorporation)	1	—*
Issue of shares on 21 February 2019 *(Note i)*	9,999	—*
Issue of shares on 15 March 2019 *(Note ii)*	125,000,000	1,250
Capitalisation issue *(Note iii)*	374,990,000	3,750
At 31 March 2019	500,000,000	5,000

* *less than HK$1,000*

Notes:

(i) *On 21 February 2019, 9,099 and 900 shares of the Company was allotted and issued to Brilliant Trade and Pre-IPO Investor, respectively.*

(ii) *The shares of the Company have been listed on GEM of the Stock Exchange by way of public offer and placing on 15 March 2019. 125,000,000 shares of the Company of HK$0.01 each were issued at offer price of HK$0.7 per share.*

(iii) *On 15 March 2019, 374,990,000 shares of the Company were issued through capitalisation of HK$3,749,999 standing to the credit of share premium account of the Company.*

The new shares issued rank pari passu in all aspects with existing shares.

25. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases with independent third party, which fall due as follows:

	As at 31 March	
	2019	**2018**
	HK$'000	**HK$'000**
Within one year	**12,625**	15,110
In the second to fifth year inclusive	**9,495**	16,887
	22,120	31,997

Operating lease payments represent rentals payable by the Group for office premises, restaurants, kitchen, staff dormitories and store room. Leases and rentals are negotiated for a term of one to five years. Certain leases are determined at the higher of a fixed rental or a pre-determined percentage on revenue of the relevant restaurants. As the future revenue of these restatements could not be reliably determined, the relevant contingent rents have not been included and only minimum lease commitment have been included in the table above. Other leases are fixed for terms of one to five years.

26. 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 2019, the retirement benefit schemes contribution arising from the MPF Scheme charged to profit or loss is HK$1,210,000 (2018: HK$1,064,000).

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 2019, the retirement benefit schemes attribution to the PRC Scheme charged to profit or loss is HK$713,000 (2018: HK$317,000).

At 31 March 2019 and 2018, there were 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.

27. 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 amount due to a related party (note 18) and bank borrowings (note 21). Equity balance consists of equity attributable to owners of the Company, comprising share capital and reserves.

27. CAPITAL RISK MANAGEMENT *(CONTINUED)*

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.

28. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31 March	
	2019	**2018**
	HK$'000	**HK$'000**
Financial assets		
Loans and receivables (including cash and cash equivalents)	**N/A**	20,217
Amortised cost	**87,104**	N/A
Financial liabilities		
Amortised cost	**16,975**	11,076

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 and bank borrowings as at 31 March 2019 and 2018 and amounts due from related parties, pledged bank deposits and amount due to a related party as at 31 March 2018. 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 cash flow interest rate risk in relation to variable-rate bank balances (note 19) and bank borrowings (note 21) as at 31 March 2019 and 2018 and variable-rate pledged bank deposits as at 31 March 2018. 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 HK$ Best Lending Rates quoted by a bank in Hong Kong arising from the Group's bank borrowings.

28. 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 borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of the reporting period were outstanding for the whole year and 100 basis points (2018: 100 basis points) increase or decrease are used. The bank balances and pledged bank deposits 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 (2018: 100 basis points) higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2019 would increase/decrease by HK$28,000 (2018: post-tax profit would decrease/increase by HK$19,000).

CREDIT RISK AND IMPAIRMENT ASSESSMENT

As 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.

In view of the business nature, the management of the Group considers that the credit risks of trade receivables are insignificant after considering the credit quality and financial ability of the relevant financial institutions, the franchisee and the licensee and there is no history of default in settlement by them or recurring overdue records of these debtors with satisfactory settlement history. In the opinion of the management of the Group, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant upon the application of HKFRS 9 on 1 April 2018 (2018: incurred loss model) and thus no impairment loss allowance was recognised. As at 31 March 2019, the gross carrying amount of trade receivables is HK$1,015,000. During the year ended 31 March 2019, no impairment allowance was provided for trade receivables as the amount is insignificant.

Amounts due from related parties

The Group had significant concentration of credit risk on amounts due from related parties as at 31 March 2018. The management of the Group considered the counterparties with good credit worthiness based on their past repayment history and subsequent settlement. In the opinion of the management of the Group, the risk of default by these counterparties was not significant and no impairment loss allowance was recognised upon application of HKFRS 9 as at 1 April 2018.

28. 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 starting from 1 April 2018 (2018: incurred loss model). 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 upon application of HKFRS 9. As at 31 March 2019, the gross carrying amount of other receivables and deposits is HK$1,554,000. During the year ended 31 March 2019, no impairment allowance was provided for other receivables and deposits as the amount is insignificant.

Pledged bank deposits and 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 ratings are A1, Aa2 and Aa3 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 2019 as the amount is insignificant. As at 31 March 2019, the gross carrying amount of bank balances is HK$83,740,000.

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 based on the earliest date on which the Group can be required to pay. Specially, bank borrowings 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.

28. 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	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables and accruals	**N/A**	**—**	**13,580**	**13,580**	**13,580**
Bank borrowings	**4.5**	**3,395**	**—**	**3,395**	**3,395**
		3,395	**13,580**	**16,975**	**16,975**
As at 31 March 2018					
Non-derivative financial liabilities					
Trade and other payables and accruals	N/A	—	5,337	5,337	5,337
Amount due to a related party	N/A	3,418	—	3,418	3,418
Bank borrowings	4.5	2,321	—	2,321	2,321
		5,739	5,337	11,076	11,076

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 March 2019, the aggregate carrying amount of these bank borrowings is HK$3,395,000 (2018: HK$2,321,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

28. FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

LIQUIDITY RISK (CONTINUED)

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

	Weighted Average effective interest rate %	Less than 1 year HK$'000	1 - 2 years HK$'000	Total 2-5 years HK$'000	Total undiscounted cash flows HK$'000	carrying amount HK$'000
Bank borrowings with a repayable on demand clause						
As at 31 March 2019	**4.5**	**895**	**895**	**1,939**	**3,729**	**3,395**
As at 31 March 2018	4.5	1,905	476	—	2,381	2,321

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.

29. 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.

	Dividend payable HK$'000	Accrued shares issuance costs HK$'000	Amount due to a related party HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 April 2017	—	—	7	4,680	4,687
Financing cash flows *(Note)*	—	—	(2,431)	(2,518)	(4,949)
Dividends declared *(note 12)*	11,000	—	—	—	11,000
Non-cash transaction *(note 31)*	(11,000)	—	5,842	—	(5,158)
Finance costs recognised	—	—	—	159	159
At 31 March 2018	—	—	3,418	2,321	5,739
Financing cash flows *(Note)*	—	(17,854)	(3,418)	903	(20,369)
Issued cost accrued	—	17,854	—	—	17,854
Finance costs recognised	—	—	—	171	171
At 31 March 2019	—	—	—	3,395	3,395

Note: The financing cash flow are in relation to payments for amount due to a related party, bank borrowings, shares issuance cost and finance costs.

30. RELATED PARTY TRANSACTIONS

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

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	
	2019	**2018**
	HK$'000	**HK$'000**
Short-term benefits	**2,510**	2,000
Post-employment benefits	**68**	54
	2,578	2,054

31. NON-CASH TRANSACTIONS

During the year ended 31 March 2018, Mr. C Tang and Brilliant Trade entered into a net settlement agreement pursuant to which the dividend payable of HK$11,000,000 to Brilliant Trade was assigned to the current account with Mr. C Tang. As a result of the assignment, the amount due from Mr. C Tang was reduced by HK$5,158,000 and the amount due to Mr. C Tang was increased by HK$5,842,000.

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 500,000,000 shares in issue. 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.

32. SHARE OPTION SCHEME *(CONTINUED)*

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.

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 options 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 2019, the Group did not grant any share option under the Share Option Scheme of the Company.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 March 2019 HK$'000
Current assets	
Other receivables and prepayments	75
Bank balances	70,992
	71,067
Current liabilities	
Other payables and accruals	6,257
Amounts due to subsidiaries	18,750
	25,007
Net assets	46,060
Capital and reserves	
Share capital	5,000
Reserves	41,060
	46,060

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

MOVEMENT IN THE RESERVES OF THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 23 July 2018 (date of incorporation)	—	—	—
Issue of shares	86,250	—	86,250
Capitalisation issue	(3,750)	—	(3,750)
Transaction costs attributable to issue of shares	(17,854)	—	(17,854)
Loss for the period	—	(23,586)	(23,586)
At 31 March 2019	64,646	(23,586)	41,060

34. 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 2019 %	2018 %	Principal activities
Directly held						
Butao Global	BVI	Hong Kong	USD10,000	100	—	Investment holding
Indirectly held						
Butao Ramen	Hong Kong	Hong Kong	HK$8,720	100	100	Investment holding
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 (2018: HK$500,000)	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

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(CONTINUED)*

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
				2019 %	2018 %	
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
賞面(上海)餐飲管理有限公司	The PRC	The PRC	RMB2,000,000	100	100	Japanese ramen restaurant operations
廣州嘗面餐飲管理有限公司	The PRC	The PRC	RMB2,000,000	100	100	Japanese ramen restaurant operations
深圳嘗面餐飲管理有限公司	The PRC	The PRC	RMB1,503,000 (2018: RMB496,000)	100	100	Japanese ramen restaurant operations

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 year.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March		
	2019	2018	2017
	HK$'000	HK$'000	HK$'000
Revenue	**108,673**	99,637	83,832
Cost of inventories	**(22,586)**	(21,198)	(17,660)
Other income	**123**	10	11
Other gains and losses	**(12)**	14	(135)
Staff costs	**(31,326)**	(27,174)	(26,439)
Rental and related expenses	**(19,804)**	(16,578)	(13,671)
Depreciation and amortisation	**(6,059)**	(6,231)	(4,808)
Other expenses	**(14,139)**	(12,967)	(13,230)
Listing expenses	**(23,500)**	—	—
Finance costs	**(171)**	(159)	(207)
(Loss) profit before taxation	**(8,801)**	15,354	7,693
Taxation	**(2,472)**	(2,382)	(1,459)
(Loss) profit for the year	**(11,273)**	12,972	6,234
(Loss) profit for the year attributable to:			
Owners of the Company	**(12,261)**	12,972	6,234
Non-controlling interests	**988**	—	—
	(11,273)	12,972	6,234

ASSETS AND LIABILITIES

	As at 31 March		
	2019	2018	2017
	HK$'000	HK$'000	HK$'000
Total assets	**110,995**	42,354	36,699
Total liabilities	**19,828**	15,308	12,085
Total equity	**91,167**	27,046	24,614