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Tam Jai International Co. Limited
譚仔國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2217)

(I) ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022

AND

(II) INSIDE INFORMATION — FINANCIAL RESULTS OF THE
CONTROLLING SHAREHOLDER, TORIDOLL HOLDINGS
CORPORATION, FOR THE YEAR ENDED 31 MARCH 2022

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Director(s)**”) of Tam Jai International Co. Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, “**we**”, “**us**” or “**our**”) would like to announce the consolidated results of the Group for the year ended 31 March 2022 (“**FY2022**”), together with the comparative figures for the previous year as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change in percentage %
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
Results			
Revenue	2,275,298	1,794,693	26.8%
Profit before taxation	245,067	320,251	-23.5%
Profit for the year	202,960	287,792	-29.5%
Profit margin	8.9%	16.0%	
Adjustments for:			
Government subsidies	(54,768)	(154,585)	-64.6%
Listing expenses	17,261	7,231	138.7%
Adjusted profit for the year⁽¹⁾	165,453	140,438	17.8%
Adjusted profit margin	7.3%	7.8%	

	At 31 March		Change in percentage %
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
Assets and liabilities			
Non-current assets	1,055,739	851,563	24.0%
Current assets	1,513,008	553,419	173.4%
Non-current liabilities	443,050	333,438	32.9%
Current liabilities	572,330	526,070	8.8%
Capital and reserves	1,553,367	545,474	184.8%

	Year ended 31 March	
	2022 <i>HK cents</i>	2021 <i>HK cents</i>
Per share data		
Basic earnings	17.5	28.8
Diluted earnings	17.4	28.8
Final dividend	11.4	—
Key financial ratios		
Current ratio ⁽²⁾	2.6	1.1
Quick ratio ⁽³⁾	2.6	1.0
Return on assets ⁽⁴⁾	10.2%	23.1%
Return on equity ⁽⁵⁾	19.3%	62.4%

Notes:

- (1) Adjusted profit for the year excludes the impact of one-off government subsidies and listing expenses.
- (2) Calculated based on our total current assets as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.
- (3) Calculated based on our total current assets less inventories as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.
- (4) Calculated based on our profit for the relevant years divided by our average total assets as at the beginning and the end of the corresponding years and multiplied by 100%.
- (5) Calculated based on our profit for the relevant years divided by our average total equity attributable to our equity shareholder as at the beginning and the end of the corresponding years and multiplied by 100%.

CHAIRMAN'S STATEMENT

FY2022 has been a momentous year for the Company. Thanks to your trust, the ordinary shares of the Company (the “**Share(s)**”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 October 2021 to become an independent, publicly-traded company, while keeping our momentum in international development by entering into Mainland China and Japan markets, when the catering industry as a whole weathered the storm of the ongoing pandemic.

I want to thank all of you for standing with us, just we have committed ourselves to serving you with the unique taste of home wherever you are, and whatever you are going through. It is a promise we have been holding dear ever since 1996, when TamJai Yunnan Mixian (譚仔雲南米線) (“**TamJai**”) first started its journey.

Rising through resilience

The past 12 months have been a roller-coaster and the outbreak of COVID-19 has brought upon unprecedented challenges, the Group once again demonstrated its agility and resilience by riding out the COVID-19-related policy changes.

In the first three quarters of FY2022, we have outperformed the market with a speedy, strong bounce-back as the pandemic eased. Our restaurants were buzzing with excited customers who were enjoying our mixian with new food combinations, and our takeaway team was busy answering orders. We are honoured to enjoy the support of a community of loyal customers, who keep coming back to us while we consistently deliver in quality, varieties and service throughout the ups and downs of the pandemic.

Even when the fifth wave of COVID-19 brought a fresh wave of challenges, our Group was able to stay afloat. Our creative and takeaway-friendly recipes (convenient, efficient and consistent quality with high varieties), make TamJai and TamJai SamGor Mixian (譚仔三哥米線) (“**SamGor**”) a good option during the spikes of the COVID-19 waves as our customers can still enjoy the unique flavours and enjoy quality food without visiting our restaurants. Our frontline and management staff members are incredibly resourceful and efficient in managing our supply chain, restaurant operations and work rosters, enabling us to make quick responses in unanticipated situations and stay competitive in different times. Our innovative brand building and marketing initiatives have also helped us stay connected with our customers.

A leap to international markets

Outside of Hong Kong, we have also been able to expand into our targeted markets against all odds. Our unique, authentic “TamJai tastes”, recognised as the new generation Hong Kong comfort food, were successfully brought to different regions. The responses we have got from Shenzhen, Guangzhou and Tokyo were instantaneous and overwhelming: hundreds of customers queued for hours outside our Shinjuku restaurant in Japan, eager to be amongst the first to enjoy a steaming noodle bowl packed with Hong Kong flavours and culture. In fact, our Tokyo restaurants have gained extensive media coverage by both Hong Kong and international media both before and after its opening because of its rapturous reception.

There is clearly an international appetite for authentic Hong Kong food experience, especially when people are moving overseas. We have made our first step right in expanding into markets that are known for their love for noodles. This encourages us to continue looking for new global avenues to bring home the perfect taste of Hong Kong.

Our commitment to serving the community

The presence of our restaurants brought a sense of normality to a city that is weathering through the upheaval of an unprecedented health crisis. Our people have responded to the pandemic with resilience, agility and world-class execution. When the business environment and COVID-19-related policies were highly volatile, and a substantial number of eateries struggled to figure out their opening hours and menus, TamJai and SamGor were still able to open the majority of its restaurants and maintain its core menu so that millions of people could have access to a hearty, delicious meal at an affordable price.

As a responsible employer, we are mindful of the wellbeing of our employees and their families. That makes us an early starter in introducing stringent health, safety and hygiene measures in our central kitchen and at the restaurants, to protect our staff and provide a hygienic environment to our customers..

Expansion plans and dividends

Apart from investing in people and the community, we will also continue to invest in strengthening our logistics and other operational infrastructures. We will remain prudent and disciplined in our international plan — in a year that was anything but normal, we were able to expand our restaurant network to Mainland China and Japan. In fact, we have been tracking numerous potential sites which do not yet have a presence of the TamJai and SamGor brands. There is ample room for international expansion, but that will be at a reasonable pace as we are responsible to our stakeholders and investors.

We are committed to enhancing shareholder value by returning a significant portion of our cash flow back to the shareholders of the Company (the “**Shareholder(s)**”) through dividends. The Board recommends to pay a final dividend of HK11.4 cents per Share.

Acknowledgement

In closing, I would like to express my sincere gratitude and appreciation to our staff for their dedication and selfless effort during this tumultuous year. I would also like to thank our customers, vendors, landlords and professional parties for their continuous trust and unreserved support.

People say that gold is tested and refined by the furnace. I believe that we have demonstrated the strength of our Group’s fundamentals and our DNA. Looking forward, I am confident of the Group’s future growth momentum. I believe in our ability to generate sustainable cash flow as we adapt our business to the changing market environment and thrive. We reaffirm our commitment to our vision of bringing TamJai’s and SamGor’s unique flavours and food culture to everyone in Hong Kong and around the world.

Lau Tat Man,

Chairman of the Board and Chief Executive Officer

Tam Jai International Co. Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Our business is expanding steadily in Hong Kong, and internationally under COVID-19. We managed to open restaurants in Shenzhen and Guangzhou in the Greater Bay Area of Mainland China, and Tokyo in Japan in FY2022. As at 31 March 2022, we had a total of 175 restaurants across Hong Kong, Mainland China, Japan and Singapore.

Our business in Hong Kong has remained our key driver as the revenue of our Hong Kong restaurants had recovered to the pre-COVID-19 level during the first three quarters of FY2022. However, the entire catering industry in Hong Kong was reeling from the impact of the fifth wave of the COVID-19 outbreak in the fourth quarter of FY2022. Our operation in Hong Kong was inevitably affected and a drop in revenue was recorded during this period.

Our business in Singapore has already witnessed a substantial rebound since November 2021, where the government of Singapore started easing into a “living with COVID-19” strategy by gradually lifting restrictions on social gathering and dining that it had imposed before August 2021.

We reached another milestone by entering the Mainland China market under the TamJai brand during FY2022. The initial revenue and customers responses of our new restaurants had been favourable before the sudden downturn caused by the pandemic in the fourth quarter of FY2022 that put the entire catering industry under strain. Our overall new restaurant development plan was interrupted and our result during the said period was negatively affected.

On 31 March 2022, we opened our first restaurant in Japan, which enjoyed great popularity from the Japanese since operation.

During FY2022, our revenue saw a significant rise, which increased to HK\$2,275.3 million, representing a 26.8% year-on-year increase as compared with the year ended 31 March 2021 (“FY2021”), despite the aforementioned fifth wave of the COVID-19 outbreak in Hong Kong since the beginning of 2022. The revenue hike was attributed to the increase in the number of restaurants in operation in Hong Kong and worldwide, and a steady growth in comparable restaurants revenue in Hong Kong.

Profit attributable to equity shareholders for FY2022 was HK\$203.0 million (FY2021: HK\$287.8 million). Adjusted profit for FY2022 was HK\$165.5 million, representing a surge of HK\$25.0 million or 17.8% as compared with FY2021. Basic earnings per Share for FY2022 were HK17.5 cents (FY2021: HK28.8 cents). Our Group has continued to achieve a healthy financial position and had cash and cash equivalents of HK\$1,365.2 million as at 31 March 2022.

International restaurant network

	No. of SamGor restaurants as at 31 March		No. of TamJai restaurants as at 31 March	
	2022	2021	2022	2021
Hong Kong	81	72	81	72
Mainland China	—	—	8	—
Singapore	4	3	—	—
Japan	1	—	—	—
Total	<u>86</u>	<u>75</u>	<u>89</u>	<u>72</u>

As of 31 March 2022, we had a total of 175 restaurants across Hong Kong, Mainland China, Singapore and Japan. The gross restaurant opening is 19 in Hong Kong and 10 outside Hong Kong, with only one restaurant in Hong Kong being closed in FY2022.

In Hong Kong, we have 81 TamJai restaurants, and 81 SamGor restaurants. We will continue to penetrate into areas not previously covered in the financial year ending 31 March 2023 (“FY2023”). Our expanding restaurant network is complementary to the delivery service coverage throughout the city, as we are aware of the importance of takeaway and delivery in the industry amid the ongoing pandemic.

In Mainland China, we have opened eight restaurants in total under the TamJai brand for FY2022, including six in Shenzhen, and two in Guangzhou. We will continue our momentum of restaurants opening in the Greater Bay Area in FY2023, Strategies are being put in place also to drive both dine-in and takeaway revenue.

In Singapore, restaurant growth was deferred due to city lockdown from May to August in 2021 and the Singapore government had gradually relaxed the COVID-19-related measures from September 2021 onwards. We have opened one new restaurant in March 2022, and also confirmed some locations of new restaurants in the pipeline for FY2023.

For Japan, we have recently opened our first restaurant in Shinjuku on 31 March 2022, and subsequently will open two more restaurants located in Kichijoji and Ebisu respectively, in the first quarter of FY2023.

Prominent revenue performance

i) Comparable restaurants revenue growth

The Group has achieved a steady growth in comparable restaurants revenue despite the extreme challenges posed by Hong Kong’s fifth wave of the COVID-19 outbreak in the last quarter of FY2022.

During the first three quarters of FY2022, the revenue of our Hong Kong comparable restaurants had already recovered to the pre-COVID-19 level, because of wide recognition of our brand, exciting and engaging marketing campaigns, great success of introduction of premium toppings, and the continued support from our loyal customers. Together with the menu price adjustment in February 2022, we accomplished an across-the-board increase in the average spending per customer, and the average daily number of bowls served per seat, which includes both dine-in, takeaway and delivery orders.

However, the fifth wave of COVID-19 hit Hong Kong badly in the last quarter of FY2022. With more than a million cases recorded, many people were under quarantine, together with the work from home policy, tightened social distancing rules and the general social sentiment, the daily traffic in the city is much reduced, so as the demand for food and beverages services, which stripped the industry of revenue. Our comparable restaurants revenue growth was consequently narrowed in the last quarter in FY2022.

ii) Prompt actions for mitigation during COVID-19

To mitigate the potential impact triggered by this fifth wave of the COVID-19 outbreak, immediate measures were implemented as we had deployed our staff to boost our takeaway/food delivery capacity, by offering takeaway promotions and maintaining a strong partnership with third-party delivery platforms in the face of setbacks stemming from dampened consumer sentiment and dine-in demand. We have also carefully managed the supply chain and our workforce to avoid heavy interruptions to our services to customers. It was a vigorous exercise involving both the management, operation and frontline staff as we quickly adjusted our business model to adapt to the challenges. Thanks to this, the decrease in dine-in revenue in the last quarter of FY2022 had been partially mitigated by the increase in proportion of takeaway/food delivery revenue. These swift actions had enabled us to achieve business continuity with most of our restaurants.

The vigorous exercise brought us even more in tune with our competitive advantages, which were our diverse menu and nimble staff management. Our products are also well-recognised for being takeaway-friendly because of their quick preparation, and their consistent food quality that hardly deteriorates with food packaging and delivery time. We will further capitalise on these competitive advantages by continuing the expansion of our online businesses via customer relationship management system and third-party platforms. We will also invest in improving the application of our technology and information system to enhance the efficiency and effectiveness of our business processes.

iii) Product innovations

Hong Kong remains the powerhouse for product innovation as we have launched more than two dozen new products in FY2022 including toppings, soup base, snacks and beverages. Our strategies in menu design including the introduction of premium toppings and snacks such as cordyceps flower, sliced sea whelk, and velvet antler mushroom and new products such as mixian with duck blood in SamGor chili broth and pickled chicken on tossed mixian with minced pork sauce, were a great success, which promise unbeatable varieties. These all helped boost the average spending per customer and the average daily number of bowls served per seat.

Meanwhile, our innovations go beyond territories. We have launched the Bak Kut Bowl in August 2021, paying tribute to Singapore's National Day by adapting our Wula soup to Bak Kut Teh, a local popular Chinese spareribs soup. Our entries to the new countries have not only increased our restaurant number and revenue, but also expanded our horizon in innovations.

Striving for improvements

i) Supply chain management

Despite global logistics interruptions, and the upward pressure on the cost of food and beverages consumed in face of the ongoing pandemic and the conflict in Ukraine, we were able to mitigate general cost inflation through our supply chain management, and product substitution or upgrade where we introduced new, premium products with better margin. We also integrated the central kitchen of TamJai and SamGor to reduce the costs in facilities, enhance efficiency, and achieve optimisation of food production. New supply chain management systems were also set up to optimise cost control and to enhance production planning process.

ii) Staff management

We have implemented Smart Rostering to help maintain the right level of staff and productivity as business volume fluctuates in tandem with the COVID-19 situation. Frontline staff were shifted to different workstations in order to boost our takeaway and delivery service in light of dine-in bans. We also made swift decisions regarding restaurant operating hours, renovation projects and restaurant opening schedule by re-assessing the market needs. These nimble arrangements helped keep rising labour costs in check.

Besides, we also invest into our employees and protect them from contracting COVID-19. Ongoing training has been provided to both back office and frontline staff across the board. Special working arrangements and assistance to help combat the pandemic were carried out, which include daily measuring and recording of body temperature, flexible work hours, rostering frontline staff to different work locations to support the restaurants affected by the COVID-19 outbreak, and arranging Rapid Antigen Test for staff when necessary.

iii) Overseas opportunities

During FY2022, with the solid foundation we built in the Hong Kong market, we further cemented our roots in the international market by investing in Mainland China and Japan. We are keeping our momentum in the international expansion under the shadow of COVID-19. It has proven that our business model is still transportable under border restrictions. We will continue to look for opportunities to invest in the international market at a reasonable pace. The investments do not limit to restaurant operation, but also in the systems, talents recruitment, infrastructures and brand building.

The success of our brands

In Hong Kong, the TamJai and SamGor brands have always been able to evoke a sense of comforting familiarity. It is not a coincidence as our branding and marketing team works tirelessly to stay connected with the heart and mind of Hong Kong people. Our campaigns were well received by the public audience as well as highly regarded by marketing professionals. The followings examples well illustrated our innovative humorous approach and our trendy senses:

To pay tribute to our wonderful service team, “Tamjai Jeh Jeh”, we have launched the “TamJai X Master 7 Mother’s Day Special” Campaign to raise awareness of the great character and services from our “Jeh Jeh”, meanwhile, reinforcing our down-to-earth, local roots. To celebrate TamJai’s 25th anniversary, we have organised a series of promotional campaigns to express our gratitude to our community and our people. The “TamJai Girl Group” (譚仔女聲合唱團), for example, was formed to roll out a new song dedicated to the occasion in collaboration with singer Terence Lam. The song, titled “Level 25 Mild” (廿五載情如初見), has generated more than 1.3 million views since its launch.

The “TamJai X Hong Kong Design Institute 2046 Uniform Design Competition”, on the other hand, was organised to engage students from the Hong Kong Design Institute to design TamJai’s brand-new uniforms. The event wrapped up with a catwalk show by Janet Ma, Jessica C, Shirley Sham and Hillary Lau.

Inspired by the theme of immigration, SamGor also partnered with Ian Chan, from the popular Cantopop boyband Mirror, who starred in a micro movie as a Hong Kong returnee after a few years abroad and a spoonful of SamGor soup base brought all his fond memories of Hong Kong, which is one of the most popular trending topics in recent years across different generations. The campaign had attracted over 3.2 million video views, more than 30,000+ engagements and 5,000+ organic shares across platforms, ranking #8 among overall Hong Kong searches.

These successful campaigns swept a total of 12 public relations (“PR”) and marketing awards, including the prestigious “Campaign of the Year (Gold)” at the Marketing Interactive — PR Awards 2021.

Our PR and branding campaigns have made an impact in other markets, too. In Shenzhen, our initial restaurant launch campaign generated over 7,000,000 social media exposures on the most popular social media platforms Dazhong Dianping, Xiaohongshu and Douyin in April 2021 alone. The Guangzhou BigDay Grand opening in March 2022, on the other hand, had successfully invited 21 media and online celebrities in Guangzhou to experience the TamJai menu. The Japan restaurant launch on 31 March 2022 was an enormous achievement. We were invited and featured by over 20 Japanese media introducing our brand. There were over 100 Key Opinion Leaders in Japan being invited to experience the SamGor menu, educating the market about our unique flavours.

Prospects

While the past year has been a bumpy ride, our Group has demonstrated resilience and agility in face of unanticipated situations. As the pandemic enters its third year, we are optimistic that social restrictions will be lifted gradually, and our growth momentum should resume in Hong Kong, Mainland China, and the overseas markets.

We expect Hong Kong to continue to be the main revenue and profit engine for the Group, which has laid a deep and solid foundation in the city. Being in tune with the fast-changing customer behaviour in tandem with the pandemic's development, we are investing in further enhancing our restaurant-level efficiency in serving dine-in, takeaway and delivery orders. Additional pieces of operation equipment are being purchased, and new technologies such as customer relationship management system and voice-ordering system are being deployed.

We are also implementing new supply chain management systems in Hong Kong and other markets to optimise cost control and enhance production planning process. These should cushion ourselves against logistics hiccoughs and changes in COVID-19-related policies on movements and mobility.

For the Mainland China market, we still hold high hopes for its great potential. In fact, the initial revenue and customers responses of our new restaurants in Shenzhen and Guangzhou had been favorable until the sudden downturn due to the pandemic. We believe that our business will pick up as soon as social activities resume since there is a strong recognition of our brand and products.

Continuing the strong rebound since November 2021 in the Singapore market, we should resume new restaurant opening activities, adapt our business model to the pulse of its newly revived consumer market, and increase profitability.

For Japan, we have been encouraged by the rapturous reception of our first restaurant in Tokyo. As market activities start picking up again in Japan, we are planning to open two more restaurants in the first quarter of FY2023 to capture the market momentum with the robust support of Toridoll Holdings Corporation (“**Toridoll Japan**”).

Performance of restaurant operations

To supplement the consolidated statement of profit or loss presented in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), we also use operating profit and operating profit margin which are not required by, or presented in accordance with, HKFRSs. These supplemental measures will be helpful for the management, the investors and other interested parties to assess the profitability of our business operation.

The following table sets forth the reconciliation of the Group’s operating profit and operating profit margin, which provide additional information of our restaurant-level performance and are the non-HKFRS financial measures:

	Year ended 31 March		Change in
	2022	2021	percentage
	HK\$’000	HK\$’000	%
Revenue	2,275,298	1,794,693	26.8%
Restaurant and central kitchen operating costs:			
— Cost of food and beverages consumed	(518,267)	(411,464)	26.0%
— Staff costs ⁽¹⁾	(592,523)	(475,419)	24.6%
— Depreciation of right-of-use assets, rental and related expenses ⁽¹⁾	(403,058)	(351,081)	14.8%
— Consumables and packaging	(62,983)	(48,818)	29.0%
— Utilities expenses	(53,000)	(36,135)	46.7%
— Handling charges	(58,286)	(55,468)	5.1%
— Advertising and promotion	(46,639)	(21,682)	115.1%
— Cleaning expenses	(16,919)	(14,147)	19.6%
— Repairs and maintenance	(15,232)	(12,067)	26.2%
— Other expenses ⁽¹⁾	(31,721)	(23,566)	34.6%
Operating profit	476,670	344,846	38.2%
Operating profit margin	20.9%	19.2%	

Note:

- (1) Represent relevant costs attributable to our restaurants and central kitchens and exclude any costs attributable to headquarters and offices. For details, please refer to the paragraphs headed “Financial review — Staff costs”, “Financial review — Depreciation of right-of-use assets, rental and related expenses” and “Financial review — Other expenses”.

Although some of these financial measures are reconcilable to the line items in our consolidated statement of profit or loss as reported under HKFRSs, the use of the non-HKFRS financial measures has limitations as an analytical tool, and Shareholders and potential investors should not consider them in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial conditions as reported under HKFRSs. Furthermore, these financial measures may not be comparable to other similarly titled measures used by other companies.

Revenue

Our revenue increased by 26.8% from HK\$1,794.7 million in FY2021 to HK\$2,275.3 million in FY2022. The increase was due to the increase in the number of restaurants in operation; and growth in comparable restaurants revenue as evidenced by the increase in average daily revenue per restaurant, average daily number of bowls served per seat and average spending per customer. In the first three quarters of FY2022, our performance, driven by the results of our Hong Kong restaurants, had recovered to the same level as or was better than the level before the outbreak of COVID-19 in early 2020, due to our extensive restaurant network and our food being highly suitable for takeaway and delivery orders. In addition to our continuous strong takeaway and delivery revenue, the relaxation of social distancing measures in the first three quarters of FY2022 also drove the growth of dine-in orders. However, the stringent social distancing measures and the work-from-home arrangements implemented as a result of the fifth wave of the COVID-19 outbreak in the last quarter of FY2022, inevitably affected our revenue in this period.

Revenue by geographic location

The table below sets forth the revenue by geographic location for the years indicated:

	Year ended 31 March		Change in percentage
	2022	2021	
	HK\$'000	HK\$'000	%
Hong Kong	2,221,773	1,783,762	24.6%
Mainland China	27,776	—	N/A
Singapore	25,698	10,931	135.1%
Japan	51	—	N/A
	<hr/>	<hr/>	
Total	2,275,298	1,794,693	26.8%
—Dine-in	51.7%	50.4%	
—Takeaway and delivery ⁽¹⁾	48.3%	49.6%	
	<hr/> <hr/>	<hr/> <hr/>	

Note:

- (1) Comprises takeaway orders made at the restaurants and delivery orders fulfilled through online delivery platforms.

Comparable restaurants revenue by geographic location

The table below sets forth the revenue of our comparable restaurants⁽¹⁾ by geographic location for the years indicated:

	Year ended 31 March		Change in percentage
	2022	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Hong Kong	<u>1,698,133</u>	<u>1,549,911</u>	<u>9.6%</u>

Note:

- (1) Comparable restaurants are defined as restaurants in full operation throughout the years under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the years concerned. In FY2022, all of the comparable restaurants were located in Hong Kong.

Non-HKFRS financial measures — Operating profit and operating profit margin

The operating profit margin of our restaurant operations increased from 19.2% in FY2021 to 20.9% in FY2022, mainly due to the (i) decrease in our staff costs as a percentage of revenue attributable to the improvement of manpower efficiency; (ii) decrease in depreciation of right-of-use assets, rental and related expenses as a percentage of revenue, attributable to the improvement in our restaurant performance; (iii) decrease in handling charges as a percentage of revenue; partially offset by (iv) increase in utilities expenses as a percentage of revenue as we received less utility subsidies in FY2022; and (v) increase in advertising and promotion expenses for the branding campaign and for the new market promotions in Mainland China and Japan.

Key performance indicators of our restaurants

The table below sets forth the overall key performance indicators of our restaurants by geographic location for the years indicated:

	Year ended 31 March	
	2022	2021
Average spending per customer (HK\$)⁽¹⁾		
Hong Kong	59.7	58.3
Mainland China	58.3	N/A
Singapore	83.0	83.0
Japan ⁽⁴⁾	96.0	N/A
Overall	<u>59.8</u>	<u>58.4</u>

Average daily number of bowls served per seat⁽²⁾

Hong Kong	6.4	6.0
Mainland China	4.4	N/A
Singapore	2.8	3.3
Japan ⁽⁴⁾	7.7	N/A
Overall	<u>6.3</u>	<u>6.0</u>

Average daily revenue per restaurant (HK\$)⁽³⁾

Hong Kong	41,060	37,472
Mainland China	19,666	N/A
Singapore	23,089	25,842
Japan ⁽⁴⁾	51,370	N/A
Overall	<u>40,175</u>	<u>37,369</u>

Notes:

- (1) Calculated by dividing the revenue generated from our restaurants by the total number of customers served. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (2) Calculated by dividing the total number of bowls served (including dine-in, takeaway and delivery orders) by the total seating capacity calculated with reference to the number of seats in the respective floor area of our restaurants by total operation days divided by the total number of restaurants.
- (3) Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.
- (4) Represented the key performance indicators of our Shinjuku restaurant in Japan on 31 March 2022, its first operation day.

Financial review

Revenue

Our revenue increased by 26.8% from HK\$1,794.7 million in FY2021 to HK\$2,275.3 million in FY2022. The increase was due to the increase in the number of restaurants in operation; and growth in comparable restaurants revenue as evidenced by both the increase in average daily revenue per restaurant, average daily number of bowls served per seat and average spending per customer.

Cost of food and beverages consumed

Our cost of food and beverages consumed increased by 26.0% from HK\$411.5 million in FY2021 to HK\$518.3 million in FY2022, which was generally in line with the increase in our revenue. Our cost of food and beverages consumed as a percentage of revenue was 22.9% and 22.8% in FY2021 and FY2022, respectively.

Other net income

Our other net income decreased significantly from HK\$167.8 million in FY2021 to HK\$57.7 million in FY2022, primarily attributable to (i) the decrease in government subsidies mainly from the government of the Hong Kong Special Administrative Region to us for the purpose of easing the impact caused by COVID-19; and (ii) the decrease in rental concessions from our landlords in Hong Kong in relation to COVID-19.

Staff costs

Our overall staff costs (including restaurant, central kitchen and headquarters and offices staff) increased by 29.2% from HK\$559.4 million in FY2021 to HK\$722.8 million in FY2022, which was primarily due to (i) the effect from the increase in restaurant headcount due to the expansion of restaurant network; and (ii) the effect from the increase in headquarters and offices headcount coping with the expansion in Mainland China, Singapore and Japan markets. Our staff costs as a percentage of revenue was 31.2% and 31.8% in FY2021 and FY2022, respectively.

The following table sets forth a breakdown of our staff costs by function for the years indicated:

	Year ended 31 March			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Restaurant staff	568,759	78.7%	453,491	81.1%
Central kitchen staff	23,764	3.3%	21,928	3.9%
Headquarters and offices staff	130,285	18.0%	84,023	15.0%
Total	<u>722,808</u>	<u>100%</u>	<u>559,442</u>	<u>100%</u>

Depreciation of owned property, plant and equipment

Our depreciation of owned property, plant and equipment increased by 38.7% from HK\$66.5 million in FY2021 to HK\$92.2 million in FY2022, mainly attributable to the increase in the number of our restaurants.

Depreciation of right-of-use assets, rental and related expenses

Our depreciation of right-of-use assets, rental and related expenses increased by 16.2% from HK\$359.9 million in FY2021 to HK\$418.4 million in FY2022, mainly attributable to the increase in the number of our restaurants, partially offset by the saving due to central kitchen integration in FY2021.

The following table sets forth a breakdown of our depreciation of right-of-use assets, rental and related expenses by function for the years indicated:

	Year ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Depreciation of right-of-use assets, rental and related expenses attributable to:				
—Restaurant	389,823	93.2%	332,857	92.5%
—Central kitchen	13,235	3.2%	18,224	5.1%
—Headquarters and offices	15,324	3.6%	8,826	2.4%
Total	<u>418,382</u>	<u>100%</u>	<u>359,907</u>	<u>100%</u>

Consumables and packaging

Our consumables and packaging increased by 29.0% from HK\$48.8 million in FY2021 to HK\$63.0 million in FY2022, primarily attributable to the increase in the volume of our takeaway and delivery orders. Our consumables and packaging as a percentage of revenue was 2.7% and 2.8% in FY2021 and FY2022, respectively.

Utilities expenses

Our utilities expenses increased by 46.7% from HK\$36.1 million in FY2021 to HK\$53.0 million in FY2022, mainly attributable to the increase in the number of our restaurants. Our utilities expenses as a percentage of revenue increased from 2.0% in FY2021 to 2.3% in FY2022, mainly because the amount of utility subsidies received by us decreased in FY2022.

Advertising and promotion

Our advertising and promotion expenses increased by 115.1% from HK\$21.7 million in FY2021 to HK\$46.6 million in FY2022, primarily attributable to more branding and promotion campaigns in Singapore and the new market entry PR campaigns and promotions in Mainland China and Japan, as well as the general increase in the marketing and branding expenditure in Hong Kong.

Listing expenses

Listing expenses represent professional fees incurred in relation to the Company's global offering as described in the Company's prospectus dated 23 September 2021 (the "**Prospectus**"), which was completed on 7 October 2021 (the "**Global Offering**"). We incurred and recognised in profit or loss listing expenses of HK\$7.2 million and HK\$17.3 million in FY2021 and FY2022, respectively.

Other expenses

Our other expenses increased by 46.4% from HK\$34.9 million in FY2021 to HK\$51.1 million in FY2022, primarily attributable to the increase in headquarters and offices expenses, with the additional offices in new markets.

The following table sets forth a breakdown of our other expenses by function for the years indicated:

	Year ended 31 March			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Other expense attributable to:				
—Restaurant ⁽¹⁾	18,896	37.0%	14,236	40.8%
—Central kitchen ⁽²⁾	12,825	25.1%	9,330	26.7%
—Headquarters and offices ⁽³⁾	19,382	37.9%	11,338	32.5%
Total	<u>51,103</u>	<u>100%</u>	<u>34,904</u>	<u>100%</u>

Notes:

- (1) Mainly consisted of insurance expenses and point-of-sale system maintenance costs.
- (2) Mainly consisted of logistics expenses.
- (3) Mainly consisted of services fees to Toridoll Holding Limited and Toridoll Japan, audit fees and other miscellaneous expenses.

Finance costs

Our finance costs remained stable at HK\$14.5 million and HK\$14.9 million in FY2021 and FY2022, respectively.

Income tax expense

Our income tax expense increased from HK\$32.5 million in FY2021 to HK\$42.1 million in FY2022, which was generally in line with the increase in our profit before taxation adjusted for government subsidies, which is non-taxable in nature. Our adjusted effective tax rate (being the income tax expense divided by the profit before taxation adjusted for government subsidies) increased from 19.6% in FY2021 to 22.1% in FY2022. No provision for tax outside Hong Kong has been made as our subsidiaries outside Hong Kong did not have any assessable profits in both FY2021 and FY2022.

Profit for the year

As a result of the foregoing, our profit for the year was HK\$287.8 million in FY2021 and HK\$203.0 million in FY2022. Excluding the impact of listing expenses and government subsidies, our adjusted profit for the year was HK\$165.5 million and showed a growth of 17.8% compared to HK\$140.4 million in FY2021.

Our profit margin was 16.0% and 8.9% in FY2021 and FY2022, respectively, while our adjusted profit margin was 7.8% and 7.3% in FY2021 and FY2022, respectively.

Right-of-use assets

Our right-of-use assets increased from HK\$563.8 million as at 31 March 2021 to HK\$700.8 million as at 31 March 2022 as we entered into more tenancy agreements for our restaurants and offices.

Inventories

Our inventories mainly consist of our food ingredients and beverages consumed in our restaurant operations, including meat, meat balls, offal, vegetables, and mixian. Our inventories increased from HK\$13.6 million as at 31 March 2021 to HK\$16.0 million as at 31 March 2022, mainly attributable to the expansion of our restaurant network. Our inventory turnover days decreased from 11.8 days in FY2021 to 10.4 days in FY2022.

Trade and other receivables and deposits and prepayments

Our trade and other receivables and deposits and prepayments included (i) trading balances with our customers with smart card settlement; (ii) cash-in-transit pending to be deposited into our bank accounts held by a secured logistics service provider; (iii) utilities deposits; (iv) prepayments for purchases of fixed assets and prepaid insurance; and (v) receivables of government subsidies for the purpose of easing COVID-19 impact. Our trade and other receivables and deposits and prepayments increased from HK\$172.9 million as at 31 March 2021 to HK\$256.1 million as at 31 March 2022, mainly due to the expansion of our operations and the increase of receivables of government subsidies.

Trade and other payables and accruals and deposits received

Our trade and other payables and accruals and deposits received included (i) the purchase cost of food ingredients and beverages for restaurant operations; (ii) accrued operating costs of our restaurants, offices and central kitchens; (iii) contract liabilities generated from the loyalty programme and coupons distributed; (iv) deposits received from the logistics service provider. Our trade and other payables and accruals and deposits received increased from HK\$170.5 million as at 31 March 2021 to HK\$199.4 million as at 31 March 2022, as a result of the expansion of our operations.

Lease liabilities

Our lease liabilities increased from HK\$581.4 million as at 31 March 2021 to HK\$708.1 million as at 31 March 2022, which was mainly due to new tenancy agreements for restaurants and offices entered into by us during FY2022.

Liquidity and financial resources

We principally fund our working capital from internally generated cash flows. As at 31 March 2022, our cash and cash equivalents were HK\$1,365.2 million (31 March 2021: HK\$460.9 million). The significant increase was due to the proceeds received from the Global Offering. The majority of the bank deposits and cash were denominated in Hong Kong dollars.

As at 31 March 2022, we did not have any interest-bearing bank and other borrowings (31 March 2021: Nil). Accordingly, the gearing ratio is not available.

Pledge of assets

As at 31 March 2022, we pledged HK\$1.4 million cash deposits to a bank in relation to the bank guarantees to landlords for our leases (31 March 2021: HK\$10.1 million). Save as disclosed above, we did not have any other pledge of assets.

Foreign currency exposures

The Group's revenue and costs are mostly denominated in Hong Kong dollars, Renminbi, Singapore dollars and Japanese Yen. The fluctuations of Renminbi, Singapore dollars and Japanese Yen against Hong Kong dollars may affect the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimise the risk when necessary.

Capital commitments

As at 31 March 2022, we had capital commitments of HK\$8.4 million (31 March 2021: HK\$9.5 million).

Contingent liabilities

As at the date of this announcement, we did not have any significant contingent liabilities.

Significant investments held by the Group

There were no significant investments held by us as at 31 March 2022.

Material acquisitions and disposals by the Group

During FY2022, we had not made any material acquisition and disposal.

Future plans for material investments or additions of capital assets

We will continue to focus on our business strategies as set out in the Prospectus. As at the date of this announcement, save as disclosed in the Prospectus and this announcement, we have no plan for any other material investments or additions of capital assets.

Employees, remuneration policy and pension scheme

As at 31 March 2022, we had 2,990 employees (31 March 2021: 2,688). The remuneration package of our employees (including full-time and part-time employees) generally includes basic salary, discretionary bonus and incentives, and equity settled share-based payments (eligible employees only). The basic salary is generally based on the particular employee's work experience, academic and professional qualifications (if relevant) and the prevailing market salary levels. The discretionary bonus and incentives are generally based on, among other things, the financial performance of the Group. The equity settled share-based payments is to motivate and retain eligible employees to optimise their performance efficiency for the benefit of the long term growth of the Group.

We also provided frontline restaurant staff with training in various aspects, such as operational procedures, customer services, cleaning and sanitation, food safety and work safety. Our operations management teams will monitor and supervise our new staff in terms of quality of food and services, hygiene and manpower planning. We also provided our managerial staff with various types of on-the-job training in relation to, among other things, cost control, complaints handling, human resources, environmental, social and governance and legal issues.

Net proceeds from the listing and over-allotment option

The Shares were listed on the Stock Exchange on 7 October 2021 following the completion of issue of 335,008,000 new Shares at an offer price of HK\$3.33 per Share. The net proceeds from the Global Offering, after deducting the underwriting fees, commissions and other related expenses payable by the Company, amounted to approximately HK\$1,051.0 million (the “**Net Proceeds**”).

The Company intends to use the Net Proceeds for the purposes as set out in the Prospectus. As at 31 March 2022, an analysis of the utilisation of Net Proceeds is as follows:

Proposed use of Net Proceeds as set out in the Prospectus	Approximate% of Net Proceeds	Net Proceeds (HK\$ million)	Utilised Net Proceeds as at 31 March 2022 (HK\$ million)	Unutilised Net Proceeds as at 31 March 2022 (HK\$ million)	Expected timeline of full utilisation
Expansion of the restaurant network	57.4%	603.3	71.7	531.6	Before 31 March 2024
Expanding the central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia	9.4%	98.8	—	98.8	Before 31 March 2024
Refurbishment of the restaurants and enhancing the operating equipment	10.5%	110.4	15.2	95.2	Before 31 March 2024
Implementing a customer relationship management system, a voice ordering system, an enterprise resources planning system and upgrading the information and technology infrastructure	5.1%	53.6	6.7	46.9	Before 31 March 2024
International brand building and new market entry promotion	7.8%	82.0	29.3	52.7	Before 31 March 2024
General corporate purposes and working capital	9.8%	102.9	13.0	89.9	Before 31 March 2024
Total	100%	1,051.0	135.9	915.1	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	Notes	2022 \$'000	2021 \$'000
Revenue	3	2,275,298	1,794,693
Cost of food and beverages consumed		(518,267)	(411,464)
Other net income	4	57,732	167,794
Staff costs	5(b)	(722,808)	(559,442)
Depreciation of owned property, plant and equipment		(92,212)	(66,482)
Depreciation of right-of-use assets, rental and related expenses		(418,382)	(359,907)
Consumables and packaging		(62,983)	(48,818)
Utilities expenses		(53,000)	(36,135)
Handling charges		(58,286)	(55,468)
Advertising and promotion		(46,639)	(21,682)
Cleaning expenses		(16,919)	(14,147)
Repairs and maintenance		(15,232)	(12,067)
Listing expenses		(17,261)	(7,231)
Other expenses		(51,103)	(34,904)
Finance costs	5(a)	(14,871)	(14,489)
Profit before taxation	5	245,067	320,251
Income tax expense	6	(42,107)	(32,459)
Profit for the year		202,960	287,792
Earnings per share (cents)	8		
— Basic		17.5	28.8
— Diluted		17.4	28.8

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	2022	2021
	\$'000	\$'000
Profit for the year	202,960	287,792
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of subsidiaries outside Hong Kong (with nil tax effect)	674	987
Total comprehensive income attributable to equity shareholders of the Company for the year	203,634	288,779

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2022

(Expressed in Hong Kong dollars)

	Notes	2022 \$'000	2021 \$'000
Non-current assets			
Property, plant and equipment		208,446	170,556
Right-of-use assets		700,819	563,846
Deposits and prepayments		129,723	106,324
Deferred tax assets		16,751	10,837
		<u>1,055,739</u>	<u>851,563</u>
Current assets			
Inventories		16,046	13,606
Trade and other receivables	9	57,249	26,314
Deposits and prepayments		69,140	40,236
Current tax recoverable		3,923	2,300
Cash and bank balances		1,366,650	470,963
		<u>1,513,008</u>	<u>553,419</u>
Current liabilities			
Trade and other payables and accruals	10	199,177	170,165
Deposits received		200	375
Lease liabilities		319,696	289,465
Current tax payable		26,594	49,494
Provisions		26,663	16,571
		<u>572,330</u>	<u>526,070</u>
Net current assets		<u>940,678</u>	<u>27,349</u>
Total assets less current liabilities		<u>1,996,417</u>	<u>878,912</u>

	<i>Notes</i>	2022 <i>\$'000</i>	2021 <i>\$'000</i>
Non-current liabilities			
Lease liabilities		388,412	291,934
Provisions		53,848	41,010
Deferred tax liabilities		790	494
		<u>443,050</u>	<u>333,438</u>
Net assets		<u>1,553,367</u>	<u>545,474</u>
Capital and reserves			
Share capital	11	1,115,972	10
Reserves		437,395	545,464
		<u>1,553,367</u>	<u>545,474</u>
Total equity attributable to equity shareholders of the Company		<u>1,553,367</u>	<u>545,474</u>

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2022 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The Group's consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, this announcement has been reviewed by the Company's Audit Committee.

The financial information relating to the years ended 31 March 2022 and 2021 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 March 2022 to the Registrar of Companies in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as a lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 April 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

3 REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are the operation of restaurants. The restaurants trade in the name of “TamJai” and “SamGor”.

The Group manages its business as a single unit and, accordingly, the operation of restaurants is the only reporting segment and virtually all of the revenue and operating profits is derived from this business segment. The financial information is already presented in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment. Accordingly, no separate business segment information is disclosed.

Revenue represents the sales value of food and beverages and excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's right-of-use assets and property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of right-of-use assets and property, plant and equipment.

	Revenue from external customers		Specified non-current assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Hong Kong (place of domicile)	<u>2,221,773</u>	<u>1,783,762</u>	<u>767,831</u>	<u>697,703</u>
Mainland China	27,776	—	48,769	8,020
Singapore	25,698	10,931	33,495	28,679
Japan	<u>51</u>	<u>—</u>	<u>59,170</u>	<u>—</u>
	<u>53,525</u>	<u>10,931</u>	<u>141,434</u>	<u>36,699</u>
	<u>2,275,298</u>	<u>1,794,693</u>	<u>909,265</u>	<u>734,402</u>

(b) **Information about major customers**

There was no revenue from an individual customer contributing over 10% of total revenue of the Group during the years ended 31 March 2022 and 2021.

4 **OTHER NET INCOME**

	2022 \$'000	2021 \$'000
Bank interest income	1,667	1,316
Government subsidies (<i>Note</i>)	54,768	154,585
COVID-19-related rent concessions	750	11,715
Gain on early termination of leases	31	140
Loss on disposal of owned property, plant and equipment, net	(701)	(977)
Others	<u>1,217</u>	<u>1,015</u>
	<u>57,732</u>	<u>167,794</u>

Note: These mainly represented subsidies provided by governments of the Hong Kong Special Administrative Region and Singapore to the Group for the purpose of easing the impact caused by COVID-19. There were no unfulfilled conditions attaching to these government subsidies.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2022 \$'000	2021 \$'000
(a) Finance costs		
Interest on lease liabilities	<u>14,871</u>	<u>14,489</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	682,300	534,943
Contributions to defined contribution retirement plans	32,112	24,355
Share-based payments	<u>8,396</u>	<u>144</u>
	<u>722,808</u>	<u>559,442</u>
(c) Other items		
Depreciation		
— owned property, plant and equipment	92,212	66,482
— right-of-use assets	<u>354,610</u>	<u>309,112</u>
	<u>446,822</u>	<u>375,594</u>
Variable lease payments, net of COVID-19-related rent concessions, not included in the measurement of lease liabilities		
— variable lease payments	7,462	3,860
— COVID-19-related rent concessions	<u>(7,283)</u>	<u>(3,860)</u>
	<u>179</u>	<u>—</u>
Auditors' remuneration		
— Audit services	2,446	930
— Tax services	287	261
— Other services	<u>280</u>	<u>12</u>
	<u>3,013</u>	<u>1,203</u>
Expense relating to leases of low-value assets	4,572	3,702
Expense relating to short-term leases	481	506
Impairment loss on property, plant and equipment reversed, net	—	(1,126)
Impairment loss on right-of-use assets reversed, net	—	(522)
Cost of inventories	<u>518,267</u>	<u>411,464</u>

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022 \$'000	2021 \$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	50,961	33,675
(Over)/under-provision in respect of prior years	<u>(3,302)</u>	<u>689</u>
	47,659	34,364
Deferred tax		
Origination and reversal of temporary differences	<u>(5,552)</u>	<u>(1,905)</u>
Income tax expense	<u><u>42,107</u></u>	<u><u>32,459</u></u>

The provision for Hong Kong Profits Tax for the year ended 31 March 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits, except for one qualifying entity (the “Qualifying Entity”) of the Group that is under the two-tiered Profits Tax rate regime.

For the Qualifying Entity, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this entity was calculated at the same basis in 2021. The profits of group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a flat rate of 16.5%.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions. No provision for tax outside Hong Kong has been made as the Group did not have any assessable profits generated by these subsidiaries for the years ended 31 March 2022 and 2021.

7 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2022 \$'000	2021 \$'000
Final dividend proposed after the end of the reporting period of 11.4 cents per share (2021: Nil)	<u><u>152,413</u></u>	<u><u>—</u></u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2022 \$'000	2021 \$'000
Interim dividends in respect of the previous financial year of 28 cents per share (2021: 12 cents per share)	<u>280,000</u>	<u>120,000</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$202,960,000 (2021: \$287,792,000) and the weighted average of 1,162,750,000 ordinary shares (2021: 1,000,000,000 ordinary shares) in issue during the year. The number of ordinary shares in issue has taken into account of the share subdivision of one existing share into 100,000 shares pursuant to the sole shareholder's resolution passed on 25 March 2021 and the issue of new shares upon global offering and under the Company's share award and share option schemes, and after deducting shares held by a trust under the share award scheme.

Weighted average number of ordinary shares

	2022 '000	2021 '000
Issued ordinary shares at the beginning of the year	1,000,000	1,000,000
Effect of shares issued upon global offering	161,538	—
Effect of shares issued under the Company's share award scheme	1,028	—
Effect of share options exercised	<u>184</u>	<u>—</u>
Weighted average number of ordinary shares at the end of the year	<u>1,162,750</u>	<u>1,000,000</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$202,960,000 (2021: \$287,792,000) and the weighted average number of ordinary shares of 1,166,658,000 shares (2021: 1,000,066,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2022 '000	2021 '000
Weighted average number of ordinary shares at the end of the year used in calculating basic earnings per share	1,162,750	1,000,000
Effect of deemed issue of ordinary shares under the Company's share award scheme	2,676	39
Effect of outstanding share options	<u>1,232</u>	<u>27</u>
Weighted average number of ordinary shares (diluted) at the end of the year	<u><u>1,166,658</u></u>	<u><u>1,000,066</u></u>

9 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2022 \$'000	2021 \$'000
Less than 30 days	14,633	15,001
31 to 60 days	379	66
61 to 90 days	2	40
91 to 120 days	<u>—</u>	<u>2</u>
Trade receivables, net of loss allowance	15,014	15,109
Other receivables	<u>42,235</u>	<u>11,205</u>
Trade and other receivables	<u><u>57,249</u></u>	<u><u>26,314</u></u>

10 TRADE AND OTHER PAYABLES AND ACCRUALS

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 \$'000	2021 \$'000
Less than 30 days	36,569	37,626
31 to 60 days	762	6,949
61 to 90 days	<u>63</u>	<u>20</u>
Trade payables	37,394	44,595
Other payables and accruals	161,561	124,543
Contract liabilities	<u>222</u>	<u>1,027</u>
Trade and other payables and accruals	<u><u>199,177</u></u>	<u><u>170,165</u></u>

11 SHARE CAPITAL

	No. of shares	Amount \$'000
Ordinary shares, issued and fully paid:		
At 1 April 2020	10,000	10
Share subdivision (Note i)	999,990,000	—
Shares issued under share award scheme (Note ii)	<u>2,024,000</u>	<u>—</u>
At 31 March 2021 and 1 April 2021	1,002,024,000	10
Shares issued under share award scheme (Note ii)	3,000,000	—
Shares issued under share option schemes (Note iii)	452,740	385
Shares issued upon global offering (Note iv)	<u>335,008,000</u>	<u>1,115,577</u>
At 31 March 2022	<u>1,340,484,740</u>	<u>1,115,972</u>

Notes:

- (i) By way of the sole shareholder's resolution passed on 25 March 2021, a total number of 10,000 issued ordinary shares of the Company with an aggregate value of \$10,000 were subdivided into 1,000,000,000 ordinary shares. The other rights and terms of the shares remain unchanged upon completion of the share subdivision.
- (ii) On 25 March 2021 and 9 August 2021, 2,024,000 and 3,000,000 ordinary shares were allotted and issued to a trust set up by the Company for a share award scheme at a subscription price of \$20.24 and \$30.00 respectively.
- (iii) During the year ended 31 March 2022, share options were exercised to subscribe 452,740 ordinary shares (2021: Nil) of the Company at a consideration of \$385,000 (2021: \$Nil) credited to share capital.
- (iv) On 7 October 2021, 335,008,000 ordinary shares of the Company were newly issued at an offer price of \$3.33 per share by way of global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The total gross proceeds from the new shares issued were approximately \$1,115,577,000. Issuing costs of approximately \$40,099,000, mainly including underwriting fees, commissions and other related expenses which are incremental costs directly attributable to the issue of new shares, were treated as a deduction against other reserve.

SUPPLEMENTARY INFORMATION

Corporate governance information

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our Shareholders and to enhance corporate value and accountability. During the year ended 31 March 2022 and from 7 October 2021 (the listing date of the Company on the Stock Exchange) (the “**Listing Date**”), the Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange in force, save for the deviations for reasons set out below. The Company will continue to review and monitor its corporate governance practices with reference to the applicable requirements under the CG Code.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lau Tat Man is currently the chairman and chief executive officer of the Company. In view of the fact that Mr. Lau has been assuming the responsibilities in the overall management and supervision of the daily operations of the Group since October 2018, the Board believes that it is in the best interest of the Group to have Mr. Lau taking up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, the Directors are of the view that the Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner.

Compliance with the Model Code for Directors’ securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors since the Listing Date. The Company has made specific enquiries with each Director, and all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2022.

Purchase, sale or redemption of the Company’s listed securities

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Events after the reporting period

After the year ended 31 March 2022 and up to the date of this announcement, the Group had no significant events occurred which have material impact on the performance and the value of the Group.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely Mr. Lee Kwok Ming, Mr. Loo Kwok Wing and Mr. Yeung Yiu Keung. Mr. Lee Kwok Ming is the chairman of the Audit Committee, who possesses appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting processes including the review of the Company’s consolidated financial statements for the year ended 31 March 2022 with senior management of the Group and external auditor.

Final dividend

The Board has resolved to recommend a final dividend of HK11.4 cents per Share (2021: Nil) for the year ended 31 March 2022 to the Shareholders whose names appear on the register of members of the Company on 15 August 2022. The final dividend, if approved at the forthcoming annual general meeting of the Company (the “**AGM**”), will be payable in cash on 31 August 2022. The Shares will be traded ex-dividend as from 9 August 2022.

Annual General Meeting

The AGM will be held on 27 July 2022 and the notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tamjai-intl.com) respectively, and despatched to the Shareholders in due course.

Closure of register of members

- (i) For the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 22 July 2022 to 27 July 2022 (both days inclusive), during which no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar (“**Hong Kong Share Registrar**”), Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 21 July 2022.
- (ii) For the purpose of ascertaining the Shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from 11 August 2022 to 15 August 2022 (both days inclusive), during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at the address specified above not later than 4:30 p.m. on 10 August 2022.

Scope of work of the independent auditor

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG.

Publication of annual results announcement and annual report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tamjai-intl.com). The annual report of the Company for the year ended 31 March 2022 will be despatched to the Shareholders and available on the same websites in due course.

(II) INSIDE INFORMATION — FINANCIAL RESULTS OF THE CONTROLLING SHAREHOLDER, TORIDOLL HOLDINGS CORPORATION, FOR THE YEAR ENDED 31 MARCH 2022

The following disclosures are made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

As at the date of this announcement, Toridoll Japan is interested in approximately 74.60% of the issued share capital of the Company.

Toridoll Japan publishes quarterly and annual financial results announcements pursuant to the applicable disclosure requirements in Japan. Such filing contains, among others, periodic financial information of Toridoll Japan prepared in accordance with the International Financial Reporting Standards (“IFRS”) on a consolidated basis, explanatory statements on such financial information, and certain operating statistics and plans about the operation of its business segments. Toridoll Japan's announcements and financial reports are available in the public domain.

Toridoll Japan has announced and filed its financial results for the year ended 31 March 2022 (the “**Toridoll Japan Financial Results**”) on 13 May 2022 (at about 4:00 p.m. Hong Kong time). On the same day, Toridoll Japan has also posted presentation materials in respect of the Toridoll Japan Financial Results on its website (together with the Toridoll Japan Financial Results, the “**Toridoll Japan Disclosures**”). The Toridoll Japan Disclosures include certain financial and

operational information and estimates of its overseas business segment which covers the Group. If you wish to review the Toridoll Japan Disclosures, please visit <https://www.toridoll.com/en/ir/library/account.html>.

Toridoll Japan's financial results were prepared in accordance with IFRS on a consolidated basis without taking into account the impact or effect of any intra-group transactions that are otherwise relevant for the purpose of the Group's reporting and disclosure under HKFRSs and the Listing Rules. As such, the financial results and related information set forth in the Toridoll Japan Disclosures, to the extent that they relate to the Group, are not directly comparable to the financial results and related financial information that the Company will disclose as a company listed on the Main Board of the Stock Exchange.

The Toridoll Japan Disclosures contain forward-looking financial estimates and/or management targets relating to its overseas business segment. Such estimates and targets include, among others, the estimated revenue, profit and profit margin for the year ending 31 March 2023 and certain plans of Toridoll Japan's overseas business segment that includes the Group. Toridoll Japan has full and independent discretion as to the determination of such forward-looking information by considering factors which Toridoll Japan considers appropriate and relevant for its reporting and disclosure purposes. Forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, the Company's financial results may differ from those expressed in any forward-looking statements made by Toridoll Japan in the Toridoll Japan Disclosures. In light of the risks and uncertainties, the inclusion of forward-looking information in the Toridoll Japan Disclosures should not be regarded as representation by the Board or the Company that the plans and objectives will be achieved.

The following is a summary of (i) the selected financial information of the overseas business segment of Toridoll Japan for FY2022 and FY2021 extracted from the Toridoll Japan Financial Results; and (ii) the corresponding consolidated financial information of the Group:

	Year ended 31 March	
	2022	2021
Overseas segment of Toridoll Japan	<i>JPY (million)</i>	<i>JPY (million)</i>
Revenue	41,069	31,273
Business profit	1,448	1,301
The Group	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Revenue	2,275	1,795
Profit for the year	203	288

Shareholders and potential investors are advised not to place undue reliance on the contents of the Toridoll Japan Disclosures and to exercise caution when dealing in the securities of the Company.

By order of the Board
Tam Jai International Co. Limited
Lau Tat Man

Chairman of the Board and Chief Executive Officer

Hong Kong, 13 May 2022

As at the date of this announcement, the executive Directors are Mr. Lau Tat Man, Ms. Chan Ping, Rita and Mr. Lee Yuk Hang, the non-executive Directors are Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi, and the independent non-executive Directors are Mr. Lee Kwok Ming, Mr. Loo Kwok Wing and Mr. Yeung Yiu Keung.