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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2217)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Director(s)**") of Tam Jai International Co. Limited ("**TJI**" or 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 2023 ("**FY2023**"), together with the comparative figures for the previous year as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change in
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Results			
Revenue	**2,594,613**	2,275,298	14.0%
Profit before taxation	**176,005**	245,067	–28.2%
Profit for the year	**140,953**	202,960	–30.6%
Profit margin	**5.4%**	8.9%	
	HK cents	*HK cents*	
Per share data			
Basic earnings	**10.5**	17.5	
Diluted earnings	**10.5**	17.4	
Final dividend	**10.5**	11.4	

	At 31 March		Change in
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Assets and liabilities			
Non-current assets	**1,161,080**	1,055,739	10.0%
Current assets	**1,513,927**	1,513,008	0.1%
Non-current liabilities	**502,625**	443,050	13.4%
Current liabilities	**630,534**	572,330	10.2%
Capital and reserves	**1,541,848**	1,553,367	−0.7%

	At 31 March	
	2023	2022
Key financial ratios		
Current ratio[(1)]	**2.4**	2.6
Quick ratio[(2)]	**2.4**	2.6
Return on assets[(3)]	**5.4%**	10.2%
Return on equity[(4)]	**9.1%**	19.3%

Notes:

(1) 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.

(2) 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.

(3) 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%.

(4) 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

I would like to express my gratitude to all of you for placing your trust in us and remaining steadfast during challenging times.

FY2023 marks the first anniversary since the successful listing of our Group on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This year has been particularly challenging, not only because the magnitude of the outbreak has been most severe, but also due to the weaker economy under global inflation surge that has served as a backdrop for our international development. Thanks to our "Superior Will" to bring "Tam Jai" taste to the world, and the unwavering dedication of our team, TJI has demonstrated its strengths in adversity and surmounted these challenges.

"When the going gets tough, the tough get going". Over the past three years of the pandemic, our team has capitalised on our experiences under unpredictable circumstances and built our capabilities in resilience, agility, innovation, and efficiency. I am confident TJI will become even stronger and united as we continue to move forward in a more welcoming business environment.

Agile Operations

At TJI, we have demonstrated remarkable resilience throughout all twelve quarters from 2020 to 2022. Achieving this feat required us to remain agile and adaptable, constantly exercising innovation and discipline in all aspects of our business operations. We recognised the need to pivot rapidly and effectively to meet our customers' and social needs, particularly in the face of severely impacted dine-in traffic. As a result, we swiftly transitioned to off-premises alternatives with creative and takeaway-friendly recipes, and our revenue from takeaway and delivery services contributed 45.3% of our total revenue in FY2023. This strategic shift was instrumental in our continued success, and we remain committed to adapting to the evolving needs of our customers in order to stay competitive and ahead in the industry.

Relentless Innovation in Food

Innovation is in our blood, and we are continuously striving to introduce new and creative offerings that go above and beyond our customers' expectations. In FY2023, we have created more than 65 new products, ranging from spicy to non-spicy, traditional to revolutionary, and from red to green. This has brought excitement not only to our menu options but also to the taste buds of our customers.

Branding and Marketing

Our tireless innovation is exhibited very well in our marketing and branding campaigns which continue to bring surprises and happiness to the public. We are the first food and beverage ("**F&B**") company to get into non-fungible tokens ("**NFT**"). Our campaigns have consistently impressed our customers who are always looking forward to the next one, as well as industry professionals, who have highly recognised us with numerous awards. We will remain steadfast in our commitment to build strong customer loyalty and the stickiness of our brands. Underpinned by our creativity and out-of-the box thinking, we are confident that our marketing and branding strategies will continue to differentiate us from the competition, driving continued success and growth for our Group both in and outside of Hong Kong.

Digitalisation

In our ongoing pursuit of operational excellence, we have made significant investments in digital technology, with a focus on enhancing efficiency throughout our operations. In the third quarter of FY2023, we completed the full implementation of our Supply Chain Management ("**SCM**") system and the first phase of our Customer Relationship Management ("**CRM**") system for both TamJai Yunnan Mixian ("**TamJai**") and TamJai SamGor Mixian ("**SamGor**") brands, which proved to be a resounding success. Within a few short months, we successfully acquired approximately 450,000 unique members, a testament to the effectiveness of our digital transformation strategy. Moving forward, we will further enhance the features of our CRM and mobile apps to improve operational excellence and the overall customer experience, which will benefit our brand equity and revenue growth.

Sustainable Development

The challenges we face have not distracted our focus and commitment to delivering our environmental, social and governance ("**ESG**") commitments. We have set up the "Tam Jai Goodness Trust" to support various initiatives under our three ESG pillars: "Nourishing Communities", "Uplifting People", and "Preserving Nature".

The TJI Education Support Scheme, "Go Green" menu, "TamJai Che Che" (譚仔車車) and the charitable NFT project were highlights of FY2023 and earned recognition from both the public and our staff. In addition, we held a Sustainability Week to enrich the ESG knowledge of our employees and encourage them to embed sustainability into daily business.

Looking Ahead

Our most immediate priority is to bring "Tam Jai" brands to our overseas markets and realise our international development plan.

Although the progress has been impacted by pandemic and our learning curve has deepened, we are optimistic that we can quickly adjust to adapt to local cultures and successfully connect with consumers in different markets. We will resume our pace of development as laid down in our prospectus dated 23 September 2021 (the "**Prospectus**"), and kick off the expansion plan into the western market in the financial year ending 31 March 2024 ("**FY2024**") to further increase our penetration in potential markets.

While macroeconomic headwinds and numerous challenges remain, we are prepared to navigate the road to full recovery. Our primary focus is on achieving sustainable, long-term growth that benefits both our shareholders and stakeholders. Despite the potential for bumps in the road, we remain steadfast in our commitment to realising our international expansion goals and driving profitability for our business.

Acknowledgement

I am honoured to lead this Company and work alongside a dedicated management team and workforce. Together, we will build an even stronger, nimbler, and more innovative Company. Lastly, I would like to take this opportunity to thank our customers, business partners, suppliers, employees, families, and friends, for your long-term support to the Company. You have always been the driving force that pushes us to improve and evolve.

In the future, we will live up to your expectations, as we continue to reach new heights, be sustainable, and generate fruitful returns for all stakeholders. Thank you for your support!

Lau Tat Man
Chairman of the Board and Chief Executive Officer
Tam Jai International Co. Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

FY2023 continued to be a challenging year for the global economy and the F&B industry.

Throughout FY2023, external factors have put notable price pressure on goods and services. As a combination of pandemic-induced supply chain disruptions and tension in Ukraine, the inflation among major items including energy, commodity, and food surged to very high levels.

The rising food cost subsequently led to a deteriorating margin for the F&B industry. Looking into the underlying Composite Consumer Price Index in Hong Kong, food prices increased relatively fast by 3.8% in the calendar year of 2022, while the prices of basic food, within the food prices category, rose by 4.5% as a result of the supply of certain food items from Mainland China being hit by a transportation disruption during the pandemic. Prices of meals out and takeaway food also rose by 3.4%.

In the first three quarters FY2023, Hong Kong and Mainland China markets were still heavily impacted by the COVID-19 prevention measures, which broke the consumers' habits, and hence the overall sales volume. The consumer sentiment further worsened under the backdrop of substantial inflation in food and operating costs. In the case of Hong Kong, the market suffered from the lingering effect of the 5th wave of the COVID-19 pandemic that started in early 2022. Despite full dine-in services being resumed in May 2022, the prolonged suspension and the continual high number of infected cases have created notable damage to consumer confidence and changes to consumer behaviour.

Overall, as suggested by the Census & Statistics Department of the government of HKSAR, the value of total receipts of the restaurant sector in Hong Kong in the calendar year of 2022 was estimated to be HK$86.8 billion, decreasing by 6.4% in value and 9.5% in volume compared with the calendar year of 2021. Total receipts of fast-food shops also decreased by 2.0% in value and 5.3% in volume.

Business Overview

Throughout FY2023, global economy is experiencing a broad based slowdown even after the relaxation of COVID-19-related restrictions and the re-opening of borders across regions, hence, we slowed down our pace in the overseas expansion plan and eventually met our opening target in Hong Kong and cautiously opened 20 restaurants across Mainland China, Singapore and Japan in total in FY2023. As at 31 March 2023, we had a total of 215 restaurants across Hong Kong, Mainland China, Singapore and Japan. For FY2023, our revenue reached HK$2,594.6 million, a 14.0% year-on-year increase as compared to FY2022 (FY2022: HK$2,275.3 million). The revenue increase was mainly driven by restaurant network expansion.

Profit of the year was HK$141.0 million in FY2023 (FY2022: HK$203.0 million). Basic earnings per share were HK10.5 cents in FY2023 (FY2022: HK17.5 cents).

Regional Analysis — Hong Kong

During the first three quarters of FY2023, our business performance in Hong Kong was inevitably impacted by the lingering effect of the 5th wave of COVID-19 pandemic and the related social distancing measures, in addition to the adverse consumer sentiment due to the economic downturn and the increasing operating costs caused by inflation. Nonetheless, as we entered the last quarter of FY2023 with the lifting of all social distancing measures and the reopening of border, our business in Hong Kong started picking up gradually, as evidenced by the improvement in our comparable restaurants' revenue performance. Our comparable restaurant revenue decreased by 9.0% in the first half of FY2023 as compared to the same period in FY2022, and decreased only by 2.2% in the full FY2023 as compared to FY2022 as our performance improved in the second half of FY2023.

As highlighted in our Prospectus, our business expansion strategy in Hong Kong was to tap into the potential locations through new restaurant openings, and continued to strengthen our restaurant network in order to grasp the opportunities from the post-COVID-19 era. During FY2023, we opened 20 new restaurants in Hong Kong across shopping malls, commercial and residential areas. These new restaurant openings should complement our existing network, laying a solid foundation for further recovery in FY2024.

Although it is under adverse market conditions, we are still active and innovative in our marketing and promotional campaigns to drive sales and hence profits, such as the official launch of the mobile apps of SamGor and TamJai, which could help to drive customers' engagement and repeated consumption. Various tactical promotion campaigns and value combo offers were also carried out to enhance foot traffic and boost sales. To mitigate the impact of the rising cost of operations, our new mobile ordering function allowed us to enhance our staff efficiency. New upselling products launched all year round, such as Braised Pork Cartilage Flat Noodles and charred pepper & spices soup (Sha Sha Soup), together with the introduction of premium toppings, new snacks, and drinks, also helped us manage our food cost more effectively and hence achieve a better gross margin.

Regional Analysis — Mainland China

In Mainland China, our business was severely impacted by the strict COVID-19 measures and lockdowns in major cities. Our restaurants were inevitably affected and were closed for a total of 76 operation days under the restrictions of the COVID-19 measures, leading to a drop in our business performance in FY2023 unavoidably. We also suspended our expansion plan in the second half of FY2023 as a result of the uncertain market environment. Nonetheless, we remained confident in the prospect of the Mainland China market, given the gradual improvement in the financial performance in the last quarter of FY2023 since the lifting of social distancing measures and border restrictions.

Upon reflecting on the uncertain situation under COVID-19, we also carefully reviewed our pipeline and have since further refined our expansion strategy in Mainland China by accelerating the penetrations into the tier 2 cities in the Greater Bay Area ("**GBA**"), where operating costs are lower and competition is less severe. We will close down two under-performing restaurants, in which they are located in the newly developed zone and its traffic was badly disrupted by COVID-19, in the first quarter of FY2024 to centralise our resources and enhance efficiency. During FY2023, 12 new restaurants were opened across Shenzhen, Guangzhou, Dongguan, and Zhongshan.

Apart from those value promotions and menu price adjustments to mitigate the impact caused by the COVID-19-related restrictions, we continued our brand building and customer engagement campaigns through social media promotion on several platforms, including TikTok (抖音) and Xiaohongshu (小紅書), to raise our brand awareness in the local market. Our online and offline marketing campaigns also showed promising engagement, with notable success from our "Cordyceps Flower & Chicken Roll Mixian" food-tasting promotion campaign ("蟲草花雞卷米線"霸王餐活動) in April 2022 and TamJai membership top-up card (譚仔米線會員充值有禮活動) in February 2023. Despite the tremendous operational challenges, we implemented cost control initiatives across staff management, overheads and capital expenditure, and restaurant-level operational efficiency enhancement. We also exerted our purchasing power to localise our products sourcing, which became local features dishes and being well received by customers, such as Chongqing Sour & Spicy soup with Pork cartilage and Enoki Mushroom (豬軟骨金針菇花椒重慶酸辣湯米線).

Regional Analysis — Singapore

In Singapore, despite the notable recovery in our business performance in the first half of FY2023, our recovery was interrupted by the local labour shortage in the second half of FY2023, and that unavoidably hindered our pace of growth. Despite this, our average daily number of bowls served per seat for FY2023 increased by 32.1% to 3.7 compared with FY2022 (FY2022: 2.8). Together with our six new restaurants opening, our revenue in Singapore reached HK$64.2 million in FY2023, representing a 149.8% year-on-year increase when compared with FY2022.

As the economic hub in Southeast Asia, we continued to see Singapore as an important market for building brand and enhancing brand awareness. During FY2023, we cooperated with a food delivery platform in Singapore as the additional food aggregator, enabling us to expand our customer base in new areas. In addition to the traditional restaurant model, we also explored alternative models such as the express model, intending to boost operational efficiency. By establishing these alternative models, we aim at striking a balance to maintain staff cost control, reasonable capital expenditure investment, and growth momentum.

On marketing, we replicated our success story of the campaign "KOL Bowl" from FY2022 by engaging 10 key opinion leaders (KOLs) in FY2023 to recommend their favourite mixian combinations in our restaurants to further expand our market presence and fanbases. We also introduced several promotion plans, including the limited edition SamGor Mahjong Set for online and offline giveaways. The campaign gained great popularity on Facebook and Instagram.

Regional Analysis — Japan

In Japan, our business performance during FY2023 was hindered by the spike in COVID-19 cases in Tokyo and was pulled down by the higher-than-expected capital expenditures and operating costs.

We opened two new restaurants in Japan during FY2023, to complete the first phase of the market entry. For the first year, we focused on establishing products and service quality, improving operational efficiencies and nurturing our brand culture internally, and building brand awareness and understanding to the market. We launched a series of branding and promotion campaigns in FY2023, including the "Spicy Challenges" campaign in August and September 2022, in an attempt to portray SamGor as an exotic alternative noodle option for Japanese consumers. We have also partnered with a food delivery platform in a bid to generate incremental revenue since the last quarter of FY2023 which received positive responses.

Looking ahead, we will continue our adaption to the local culture and preferences, while exploring new sales channels and enhancing operational efficiency, to boost our performance in the Japan market.

Operation Highlights

Restaurant Network Expansion

In FY2023, we implemented a prudent yet well-managed expansion plan, by opening 20 new restaurants in Hong Kong, 12 in Mainland China, six in Singapore, and two in Japan, strengthening our foothold across different regions and countries. As a result, we have a total of 215 restaurants across the world as of 31 March 2023. In FY2024, we will continue to open new restaurants in strategic locations, allowing us to increase market penetration and enhance brand awareness in the local markets.

Supply Chain Management

According to the Census & Statistics Department of the government of HKSAR, food costs in Hong Kong inflated by 3.8% in the calendar year of 2022. The inflation inevitably affected our operating margin, with our food cost as a percentage of operation increased by 1.1 percentage points to 23.9% in FY2023 as compared with FY2022.

In response to the global price hike on food costs, we have expanded our supplier network, and increased the proportion of direct and localised food supply, which can effectively lower the transportation cost and lead time as well as minimise the risk of logistic disruption. In addition, we have also partnered with selected original equipment manufacturer suppliers in the regions we operated for bulk purchases, to strengthen our cost and supply chain control.

The development of new products and combo menus was also in full swing, which would give us up-selling opportunities to mitigate increasing costs. The SCM system was implemented to monitor the flow and cost of food and beverages consumed across the Group; menu enhancement and price adjustments were also carried out to mitigate cost inflation pressure. We are also looking to improve our SCM system flow further and invest in automation technologies, in order to enhance our operational efficiency and strengthen our grip on the supply chain to support our future expansion.

Staff Cost Management

During FY2023, despite the increasing number of COVID-19-related sick leaves taken by our employees and the general increase in staff pay and benefits, we still managed to maintain a stable staff cost level at 31.9% of revenue (FY2022: 31.8%), attributable to our smart rostering system and our agile recruitment strategy by hiring more part-time employees that could offer us greater flexibility. On the other hand, we also continued our investment in staff training by setting up a new training centre in Shenzhen, which will further enhance our manpower efficiency in the long term.

Corporate Social Responsibility Initiatives and Sustainability

During FY2023, we continued to show our commitment to corporate social responsibility. Apart from placing donation boxes at TamJai and SamGor stores for charitable organisations including UNICEF, Lok Sin Tong, and the St. James Settlement, we have also organised an ongoing charity event, "Mixian for the Good — one step further" (「線」有善報 — 行多一步), which delivers Mixian to a specific charity.

We also organised the first-ever charitable NFT, "Souper Hero", by collaborating with local illustrators. All the net proceeds were donated to support the "Out of the Cube" project of the Hong Kong Art Centre, nurturing homegrown artists and supporting the development of the local art industry.

Besides, we have extended the "TJI Education Support Scheme for Employees' Children" to the Group level, with the support from TamJai Goodness Trust. We have increased the amount of scholarship from HK$1.0 million to HK$3.0 million with total recipients being increased to 60, which would finance the education needs of these recipients while contributing to business and society's sustainability.

In order to promote and educate our team on the importance of sustainability, we have conducted a sustainability week enriching the understanding of and the efforts everyone could put to various sustainable campaigns and initiatives. We received excellent responses from our employees in this campaign.

Brand Building and Customer Loyalty

In Hong Kong, we have successfully developed a playful and approachable brand image with a twist of unique Hong Kong culture, especially focusing on youngster consumers who prefer diversified comfort-food choices with great value for money. To further reinforce our image and positioning, we developed the Lunar New Year Combo Set in collaboration with the movie that was aired during the Chinese New Year holiday, "Everything Under Control", starring Hong Kong pop star Hins Cheung in January 2023. Besides, we have also organised the first-ever collaboration with Hins Cheung and girl groups from our brands, namely TamJai Girl Group (勿演女笙) of TamJai and "SamGirls" of SamGor, for introducing the launch of our mobile apps "TamJai Myxian Club" ("譚仔MY線會") and "SamGor Spicy Club" ("三哥辛派"), as part of our enhanced CRM program that was aimed at further strengthening our customers engagement and brand stickiness. To be part of the recent development of NFT, our first-ever Charitable NFT, "Souper Hero", was also launched during FY2023, receiving a 10-times over-subscription during the whitelisting stage.

Riding on the trend of a healthy diet, we have also launched the "So Green" campaign in June 2022, introducing vegetarian menu at both SamGor and TamJai with a wide variety of plant-based options for our customers, including OmniPork & Celery Dumplings with Cordyceps, Impossible™ Minced Pork Sauce. The new additions allow us to cater to the needs of vegetarians, and enhance their loyalty to our brands.

Outside Hong Kong, we also completed a series of brand-building events to boost brand awareness, which were a great success. These events include Chinese New Year celebration with TamJai (譚仔陪你過大年) and "TamJai Mascot" Design Competition ("譚仔金碗獎"譚仔米線品牌IP設計大賽) in Mainland China, and 2nd Double Hell Fire Challenge Eating Competition in Singapore. In Japan, apart from the promotion events such as the introduction of Hong Kong Night menu to promote our brand's culture, we also rode on some social media platforms such as Line to engage our customers in the local market.

Prospect

Our business in Hong Kong will continue to be our key revenue and profit driver for the Group and we expect our business will continue the recovery brought forward from the last quarter of FY2023 when all border restrictions and social distancing measures were lifted. As we are committed to sustaining our prominent brand value in Hong Kong, we will continue to input great amounts of resources to enhance our product quality and service quality, deliver exceptional dining experience through our digitalization journey and innovative products development, which will become business value in return, and will get closer to our customers.

For our Mainland China market, we believe that the revenue performance will be lifted up after the border re-opening and the relaxation of COVID-19-related restrictions, as demonstrated by the notable improvement in the last quarter of FY2023. We have also accelerated the process to resume the expansion plan in the GBA region and will implement various marketing campaigns to capture the opportunities from the stabilizing economy in FY2024.

We also look to revamp our business operations in Singapore and Japan, as we are still in the process of enhancing the operational efficiency and service quality while adapting our brand into the local markets.

Outside of our existing presence, we will also look to expand into other potential markets, such as the western market, to expand our business footprint further and derive greater synergies and efficiency. We will explore the possibility of strategic collaborations with local partners, to help us to tap into those markets, by leveraging their local experience and resources. We are targeting to open approximately 50 new restaurants across regions in FY2024.

Despite the challenges caused by the worsening economic environment and the pandemic, we have shown a high sense of agility in our operations to cope with the uncertainties, and demonstrated our commitment of investing into brand building and systems enhancement to optimise our business processes. Now as we see light at the end of the tunnel, with the solid foundation we established, we are more than prepared for the business opportunities while we are on the road to market recovery.

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. 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.

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
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Revenue	**2,594,613**	2,275,298	14.0%
Restaurant and central kitchen operating costs:			
— Cost of food and beverages consumed	**(620,318)**	(518,267)	19.7%
— Staff costs(1)	**(670,576)**	(592,523)	13.2%
— Depreciation of right-of-use assets, rental and related expenses(1)	**(483,870)**	(403,058)	20.0%
— Consumables and packaging	**(75,482)**	(62,983)	19.8%
— Utilities expenses	**(73,099)**	(53,000)	37.9%
— Handling charges	**(80,529)**	(58,286)	38.2%
— Advertising and promotion	**(61,026)**	(46,639)	30.8%
— Cleaning expenses	**(22,850)**	(16,919)	35.1%
— Repairs and maintenance	**(18,413)**	(15,232)	20.9%
— Other expenses(1)	**(43,026)**	(31,721)	35.6%
Operating profit	**445,424**	476,670	−6.6%
Operating profit margin	**17.2%**	20.9%	

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".

	Year ended 31 March		Change in
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Operating profit/(loss) by geographical location			
Hong Kong	**475,224**	487,844	−2.6%
Mainland China and overseas markets	**(29,800)**	(11,174)	166.7%
Total	**445,424**	476,670	−6.6%
Operating profit margin by geographical location			
Hong Kong	**19.4%**	22.0%	
Mainland China and overseas markets	**−21.0%**	−20.9%	
Overall	**17.2%**	20.9%	

The operating profit margin of our restaurant operations decreased from 20.9% in FY2022 to 17.2% in FY2023, mainly due to (i) increase in cost of food and beverages consumed as a percentage of revenue as a result of food cost inflation; (ii) increase in our handling charges as a percentage of revenue due to a less favorable rate offered by the delivery platforms in FY2023; (iii) increase in our depreciation of right-of-use assets, rental and related expenses as a percentage of revenue owing to the higher portions of new restaurants and the unfavorable sales performance in FY2023; and (iv) increase in advertising and promotion expenses as a percentage of revenue because of the market entry advertising cost in Japan as well as general increase in the marketing and branding expenditure in Mainland China, Singapore and Hong Kong.

Restaurant network

As at 31 March 2023, we had a total number of 215 self-operated restaurants located in Hong Kong, Mainland China, Singapore and Japan. In FY2023, we recorded revenue amounting to HK$2,594.6 million. The following table sets forth the number of restaurants by geographic location as at the dates indicated:

	Number of SamGor restaurants At 31 March		**Number of TamJai restaurants At 31 March**	
	2023	2022	**2023**	2022
Number of self-operated restaurants				
Hong Kong	**91**	81	**91**	81
Mainland China	**—**	—	**20**	8
Singapore	**10**	4	**—**	—
Japan	**3**	1	**—**	—
Total	**104**	86	**111**	89

Revenue by geographic location

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

	Year ended 31 March		Change in
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Hong Kong	**2,452,667**	2,221,773	10.4%
Mainland China and overseas markets	**141,946**	53,525	165.2%
Total	**2,594,613**	2,275,298	14.0%
— Dine-in	**54.7%**	51.7%	
— Takeaway and delivery[1]	**45.3%**	48.3%	

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
	2023	2022	percentage
	HK$'000	*HK$'000*	*%*
Hong Kong	**1,951,289**	1,995,077	−2.2%
Singapore	**29,034**	25,169	15.4%
Total	**1,980,323**	2,020,246	−2.0%

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. There were no comparable restaurants located in Mainland China and Japan in FY2022 and FY2023.

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	
	2023	2022
Average spending per customer (HK$)[1]		
Hong Kong	**61.5**	59.7
Mainland China	**46.1**	58.3
Singapore	**82.4**	83.0
Japan[4]	**62.6**	96.0
Overall	**61.4**	59.8

Average daily number of bowls served per seat(2)

Hong Kong	**6.0**	6.4
Mainland China	**3.0**	4.4
Singapore	**3.7**	2.8
Japan(4)	**5.0**	7.7
Overall	**5.8**	6.3

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

Hong Kong	**38,915**	41,060
Mainland China	**10,383**	19,666
Singapore	**22,207**	23,089
Japan(4)	**19,316**	51,370
Overall	**35,767**	40,175

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) The key performance indicators in FY2022 represented those of our Shinjuku restaurant in Japan on 31 March 2022, its first operation day.

Financial review

Revenue

Our revenue increased by 14.0% from HK$2,275.3 million in FY2022 to HK$2,594.6 million in FY2023. The increase was primarily due to the increase in the number of restaurants in operation.

Cost of food and beverages consumed

Our cost of food and beverages consumed increased by 19.7% from HK$518.3 million in FY2022 to HK$620.3 million in FY2023, which was mainly due to the expansion of our restaurant operation and food cost inflation. Our cost of food and beverages consumed as a percentage of revenue was 22.8% and 23.9% in FY2022 and FY2023, respectively.

Other net income

Our other net income increased significantly from HK$57.7 million in FY2022 to HK$74.0 million in FY2023, primarily attributable to the increase in interest income from bank deposits in FY2023. Included also in other net income was government subsidies mainly for easing the impact of COVID-19 of HK$54.8 million and HK$53.7 million in FY2022 and FY2023, respectively.

Staff costs

Our overall staff costs (including restaurant, central kitchen and headquarters and offices staff) increased by 14.6% from HK$722.8 million in FY2022 to HK$828.6 million in FY2023, 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 31.8% and 31.9% in FY2022 and FY2023, respectively.

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

	Year ended 31 March			
	2023		2022	
	HK$'000	*%*	*HK$'000*	*%*
Restaurant staff	**643,874**	**77.7%**	568,759	78.7%
Central kitchen staff	**26,702**	**3.2%**	23,764	3.3%
Headquarters and offices staff	**158,003**	**19.1%**	130,285	18.0%
Total	**828,579**	**100%**	722,808	100%

Depreciation of owned property, plant and equipment

Our depreciation of owned property, plant and equipment increased by 33.4% from HK$92.2 million in FY2022 to HK$123.0 million in FY2023, mainly attributable to the increase in the number of our restaurants and also the enhancement in our central kitchen in FY2023.

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

Our depreciation of right-of-use assets, rental and related expenses increased by 19.3% from HK$418.4 million in FY2022 to HK$499.3 million in FY2023, mainly attributable to the increase in the number of our restaurants.

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			
	2023		2022	
	HK$'000	***%***	*HK$'000*	*%*
Depreciation of right-of-use assets, rental and related expenses attributable to:				
— Restaurant	**470,750**	**94.3%**	389,823	93.2%
— Central kitchen	**13,120**	**2.6%**	13,235	3.2%
— Headquarters and offices	**15,431**	**3.1%**	15,324	3.6%
Total	**499,301**	**100%**	418,382	100%

Consumables and packaging

Our consumables and packaging increased by 19.8% from HK$63.0 million in FY2022 to HK$75.5 million in FY2023, primarily attributable to the increase in the volume of our takeaway and delivery orders. Our consumables and packaging as a percentage of revenue was 2.8% and 2.9% in FY2022 and FY2023, respectively.

Utilities expenses

Our utilities expenses increased by 37.9% from HK$53.0 million in FY2022 to HK$73.1 million in FY2023, mainly attributable to the increase in the number of our restaurants and the increase in charge rate in Hong Kong, Singapore and Japan during FY2023. Our utilities expenses as a percentage of revenue was 2.3% and 2.8% in FY2022 and FY2023, respectively.

Advertising and promotion expenses

Our advertising and promotion expenses increased by 30.9% from HK$46.6 million in FY2022 to HK$61.0 million in FY2023, primarily attributable to the new market entry brand awareness building and public relations campaigns and promotions in Japan, higher marketing cost in Singapore and Mainland China for the investments in brand building, as well as general increase in the marketing and branding expenditure in Hong Kong.

Other expenses

Our other expenses increased by 39.1% from HK$51.1 million in FY2022 to HK$71.1 million in FY2023, mainly attributable to the increase in the number of our restaurants and headquarters and office expansion.

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

	Year ended 31 March			
	2023		2022	
	HK$'000	*%*	*HK$'000*	*%*
Other expense attributable to:				
— Restaurant[1]	**27,198**	**38.2%**	18,896	37.0%
— Central kitchen[2]	**15,828**	**22.3%**	12,825	25.1%
— Headquarters and offices[3]	**28,077**	**39.5%**	19,382	37.9%
Total	**71,103**	**100%**	51,103	100%

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 Holdings Corporation, legal and professional fee and other miscellaneous expenses.

Finance costs

Our finance costs mainly represented the interest on lease liabilities recognised in accordance with HKFRS 16 associated with our leases. The increase by 27.4% from HK$14.9 million in FY2022 to HK$18.9 million in FY2023 was due to the expansion of our restaurant network during FY2023.

Income tax expense

Our income tax expense decreased from HK$42.1 million in FY2022 to HK$35.1 million in FY2023, which was generally in line with the decrease in our profit before taxation adjusted for government subsidies, which is non-taxable in nature.

Right-of-use assets

Our right-of-use assets increased from HK$700.8 million as at 31 March 2022 to HK$768.6 million as at 31 March 2023 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$16.0 million as at 31 March 2022 to HK$23.2 million as at 31 March 2023, mainly attributable to the expansion of our restaurant network. Our inventory turnover days increased from 10.4 days in FY2022 to 11.5 days in FY2023.

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) government subsidy receivables; (iv) rental deposits to our landlords and utilities deposits; and (v) prepayments for purchases of fixed assets and prepaid insurance. Our trade and other receivables and deposits and prepayments decreased from HK$256.1 million as at 31 March 2022 to HK$215.1 million as at 31 March 2023, mainly due to the decrease in 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; and (iv) deposits received from the logistics service provider. Our trade and other payables and accruals and deposits received increased from HK$199.4 million as at 31 March 2022 to HK$238.4 million as at 31 March 2023, as a result of the expansion of our operations.

Lease liabilities

Our lease liabilities increased from HK$708.1 million as at 31 March 2022 to HK$787.8 million as at 31 March 2023, which was mainly due to new tenancy agreements for restaurants entered into by us during FY2023.

Liquidity and financial resources

We principally fund our working capital from internally generated cash flows. As at 31 March 2023, our cash and cash equivalents (representing the cash and bank balances) were HK$1,375.7 million (31 March 2022 (representing the cash and bank balances and excluding any pledged deposits): HK$1,365.2 million). The majority of the bank deposits and cash were denominated in Hong Kong dollars.

As at 31 March 2023, we did not have any interest-bearing bank and other borrowings (31 March 2022: Nil). Accordingly, the gearing ratio is not available.

Pledge of assets

As at 31 March 2023, we had no pledged of assets (31 March 2022: HK$1.4 million of cash deposits were pledged to a bank in relation to the bank guarantees to landlords for our leases).

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 2023, we had capital commitments of HK$2.3 million (31 March 2022: HK$8.4 million).

Contingent liabilities

As at 31 March 2023, 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 2023.

Material acquisitions and disposals by the Group

During FY2023, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.

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, we have no plan for any other material investments or capital assets.

Employees, remuneration policy and pension scheme.

As at 31 March 2023, we had 3,363 employees (31 March 2022: 2,990). 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 are 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, ESG and legal issues.

Net proceeds from the listing and over-allotment option

The shares of the Company (the "**Share(s)**") 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 (as defined in the Prospectus), 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 2023, an analysis of the utilisation of the Net Proceeds is as follows:

Proposed use of Net Proceeds as set out in the Prospectus	**Approximate% of Net Proceeds**	**Net Proceeds** *(HK$ million)*	**Unutilised Net Proceeds as at 1 April 2022** *(HK$ million)*	**Utilised Net Proceeds during the year ended 31 March 2023** *(HK$ million)*	**Unutilised Net Proceeds as at 31 March 2023** *(HK$ million)*	**Expected timeline of full utilisation**
Expansion of the restaurant network	57.4%	603.3	531.6	143.6	388.0	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	5.5	93.3	Before 31 March 2024
Refurbishment of the restaurants and enhancing the operating equipment	10.5%	110.4	95.2	18.5	76.7	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	46.9	5.5	41.4	Before 31 March 2024
International brand building and new market entry promotion	7.8%	82.0	52.7	18.6	34.1	Before 31 March 2024
General corporate purposes and working capital	9.8%	102.9	89.9	89.9	—	—
Total	100%	1,051.0	915.1	281.6	633.5	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	Notes	**2023**	2022
		$'000	*$'000*
Revenue	3	**2,594,613**	2,275,298
Cost of food and beverages consumed		**(620,318)**	(518,267)
Other net income	4	**74,024**	57,732
Staff costs	5(a)	**(828,579)**	(722,808)
Depreciation of owned property, plant and equipment		**(122,985)**	(92,212)
Depreciation of right-of-use assets, rental and related expenses		**(499,301)**	(418,382)
Consumables and packaging		**(75,482)**	(62,983)
Utilities expenses		**(73,099)**	(53,000)
Handling charges		**(80,529)**	(58,286)
Advertising and promotion		**(61,026)**	(46,639)
Cleaning expenses		**(22,850)**	(16,919)
Repairs and maintenance		**(18,413)**	(15,232)
Listing expenses		**—**	(17,261)
Other expenses		**(71,103)**	(51,103)
Finance costs	5(b)	**(18,947)**	(14,871)
Profit before taxation	5	**176,005**	245,067
Income tax expense	6	**(35,052)**	(42,107)
Profit for the year		**140,953**	202,960
Earnings per share (cents)	8		
— Basic		**10.5**	17.5
— Diluted		**10.5**	17.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	2023	2022
	$'000	*$'000*
Profit for the year	**140,953**	202,960
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)	**(6,535)**	674
Total comprehensive income attributable to equity shareholders of the Company for the year	**134,418**	203,634

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2023

(Expressed in Hong Kong dollars)

	Notes	**2023**	2022
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**243,665**	208,446
Right-of-use assets		**768,627**	700,819
Deposits and prepayments		**123,648**	129,723
Deferred tax assets		**25,140**	16,751
		1,161,080	1,055,739
Current assets			
Inventories		**23,176**	16,046
Trade and other receivables	9	**27,880**	57,249
Deposits and prepayments		**63,532**	69,140
Current tax recoverable		**23,689**	3,923
Cash and bank balances		**1,375,650**	1,366,650
		1,513,927	1,513,008
Current liabilities			
Trade and other payables and accruals	10	**238,238**	199,177
Deposits received		**200**	200
Lease liabilities		**351,590**	319,696
Current tax payable		**13,867**	26,594
Provisions		**26,639**	26,663
		630,534	572,330
Net current assets		**883,393**	940,678
Total assets less current liabilities		**2,044,473**	1,996,417

	Notes	2023 *$'000*	2022 *$'000*
Non-current liabilities			
Lease liabilities		**436,212**	388,412
Provisions		**45,832**	37,794
Long service payment obligation		**15,493**	16,054
Deferred tax liabilities		**5,088**	790
		502,625	443,050
Net assets		**1,541,848**	1,553,367
Capital and reserves			
Share capital	11	**1,116,189**	1,115,972
Reserves		**425,659**	437,395
Total equity attributable to equity shareholders of the Company		**1,541,848**	1,553,367

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 2023 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 2023 and 2022 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 2022 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 2023 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 Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statement for the current accounting period:

— Amendments to HKAS 16 *Property, plant and equipment: Proceeds before intended use*

— Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these amendments have had a material effect on how the Group‘s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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	
	2023	2022	**2023**	2022
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**2,452,667**	2,221,773	**845,588**	767,831
Mainland China	**58,353**	27,776	**59,716**	48,769
Singapore	**64,200**	25,698	**54,155**	33,495
Japan	**19,393**	51	**52,833**	59,170
	141,946	53,525	**166,704**	141,434
	2,594,613	2,275,298	**1,012,292**	909,265

(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 2023 and 2022.

4 OTHER NET INCOME

	2023	2022
	$'000	*$'000*
Bank interest income	**17,641**	1,667
Government subsidies *(Note)*	**53,748**	54,768
COVID-19-related rent concessions	**274**	750
Gain on early termination of leases	**—**	31
Loss on disposal of owned property, plant and equipment, net	**(863)**	(701)
Others	**3,224**	1,217
	74,024	57,732

Note: These mainly represented subsidies provided by governments of the Hong Kong Special Administrative Region ("HKSAR") 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):

	2023	2022
	$'000	*$'000*
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**786,436**	682,300
Contributions to defined contribution retirement plans	**35,879**	32,112
Share-based payments	**6,264**	8,396
	828,579	722,808
(b) Finance costs		
Interest on lease liabilities	**18,947**	14,871
(c) Other items		
Depreciation		
— owned property, plant and equipment	**122,985**	92,212
— right-of-use assets	**417,752**	354,610
	540,737	446,822
Variable lease payments, net of COVID-19-related rent concessions, not included in the measurement of lease liabilities		
— variable lease payments	**6,949**	7,462
— COVID-19-related rent concessions	**(2,234)**	(7,283)
	4,715	179
Auditors' remuneration		
— Audit services	**2,560**	2,446
— Non-assurance services	**2,123**	567
	4,683	3,013
Expense relating to leases of low-value assets	**5,863**	4,572
Expense relating to short-term leases	**981**	481
Impairment loss on property, plant and equipment, net	**1,969**	—
Impairment loss on right-of-use assets, net	**2,121**	—
Cost of inventories	**620,318**	518,267

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023 *$'000*	2022 *$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**39,970**	50,961
Over-provision in respect of prior years	**(565)**	(3,302)
	39,405	47,659
Deferred tax		
Origination and reversal of temporary differences	**(4,353)**	(5,552)
Income tax expense	**35,052**	42,107

The provision for Hong Kong Profits Tax for the year ended 31 March 2023 is calculated at 16.5% (2022: 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 2022. The profits of the Group's subsidiaries in Hong Kong not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a flat rate of 16.5%.

The provision for Hong Kong Profits Tax for the year ended 31 March 2023 takes into account a reduction granted by the Government of HKSAR of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of $6,000 for each business (2022: a maximum reduction of $10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for the year ended 31 March 2022).

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 2023 and 2022.

7 DIVIDENDS

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

	2023 *$'000*	2022 *$'000*
Final dividend proposed after the end of the reporting period of 10.5 cents per share (2022: 11.4 cents per share)	**140,557**	152,413

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:

	2023	2022
	$'000	*$'000*
Interim dividend in respect of the previous financial year of nil cent per share (2022: 28 cents per share)	**—**	280,000
Final dividend in respect of the previous financial year of 11.4 cents per share (2022: nil cent per share) *(Note)*	**152,417**	—

Note: In respect of the final dividend for the year ended 31 March 2022, there was a difference of $4,000 between the final dividend disclosed in the FY2022 annual financial statements and amount approved and paid during the year which represented dividends attributable to new shares issued upon the exercise of share options, before the closing date of the Register of Members.

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 $140,953,000 (2022: $202,960,000) and the weighted average number of ordinary shares of 1,337,742,000 shares (2022: 1,162,750,000 shares), calculated as follows:

Weighted average number of ordinary shares

	2023	2022
	'000	*'000*
Issued ordinary shares at the beginning of the year	**1,336,955**	1,000,000
Effect of shares issued upon global offering	**—**	161,538
Effect of shares issued under the Company's share award scheme	**688**	1,028
Effect of share options exercised	**99**	184
Weighted average number of ordinary shares at the end of the year	**1,337,742**	1,162,750

(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 $140,953,000 (2022: $202,960,000) and the weighted average number of ordinary shares of 1,340,765,000 shares (2022: 1,166,658,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares at the end of the year used in calculating basic earnings per share	**1,337,742**	1,162,750
Effect of deemed issue of ordinary shares under the Company's share award scheme	**1,922**	2,676
Effect of outstanding share options	**1,101**	1,232
Weighted average number of ordinary shares (diluted) at the end of the year	**1,340,765**	1,166,658

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:

	2023	2022
	$'000	*$'000*
Less than 30 days	**17,776**	14,633
31 to 60 days	**21**	379
61 to 90 days	**25**	2
Trade receivables, net of loss allowance	**17,822**	15,014
Other receivables	**10,058**	42,235
Trade and other receivables	**27,880**	57,249

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:

	2023	2022
	$'000	*$'000*
Less than 30 days	**56,422**	36,569
31 to 60 days	**13**	762
61 to 90 days	**5**	63
Trade payables	**56,440**	37,394
Other payables and accruals	**179,554**	161,561
Contract liabilities	**2,244**	222
Trade and other payables and accruals	**238,238**	199,177

11 SHARE CAPITAL

	No. of shares	**Amount**
		$'000
Ordinary shares, issued and fully paid:		
At 1 April 2021	1,002,024,000	10
Shares issued under share award scheme *(Note (i))*	3,000,000	—
Shares issued under share option schemes *(Note (ii))*	452,740	385
Shares issued upon global offering *(Note (iii))*	335,008,000	1,115,577
At 31 March 2022 and 1 April 2022	**1,340,484,740**	**1,115,972**
Shares issued under share option schemes *(Note (ii))*	**255,630**	**217**
At 31 March 2023	**1,340,740,370**	**1,116,189**

Notes:

(i) On 9 August 2021, 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 $30.00.

(ii) During the year ended 31 March 2023, share options were exercised to subscribe 255,630 ordinary shares (2022: 452,740) of the Company at a consideration of $217,000 (2022: $385,000) credited to share capital.

(iii) 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 2023, the Company has strived to attain high standards of corporate governance and complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), 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 ("**Mr. Lau**") 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 to the Listing Rules as the standard for securities transactions by the Directors. 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 2023.

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

During the year ended 31 March 2023, 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 2023 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 2023 with senior management of the Group and external auditor.

Final dividend

The Board has resolved to recommend a final dividend of HK10.5 cents per Share (2022: HK11.4 cents) for the year ended 31 March 2023 to the shareholders of the Company (the "**Shareholder(s)**") whose names appear on the register of members of the Company on 21 August 2023. The final dividend, if approved at the forthcoming annual general meeting of the Company (the "**AGM**"), will be payable in cash on 6 September 2023. The Shares will be traded ex-dividend as from 15 August 2023.

AGM

The AGM will be convened and held on 9 August 2023 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 4 August 2023 to 9 August 2023 (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 3 August 2023.

(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 17 August 2023 to 21 August 2023 (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 16 August 2023.

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 2023 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 2023 will be despatched to the Shareholders and available on the same websites in due course.

By order of the Board
Tam Jai International Co. Limited
Lau Tat Man
Chairman of the Board and Chief Executive Officer

Hong Kong, 12 May 2023

As at the date of this announcement, the executive Directors are Mr. Lau Tat Man, Ms. Chan Ping, Rita and Ms. Lung Man Wai, the non-executive Directors are Mr. Sugiyama Takashi, Mr. Tomitani Takeshi and Mr. Someya Norifumi, and the independent non-executive Directors are Mr. Lee Kwok Ming, Mr. Loo Kwok Wing and Mr. Yeung Yiu Keung.