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 2024

The board (the "**Board**") of directors (the "**Director(s)**") of Tam Jai International Co. Limited ("**TJI**", "**Tam Jai International**", "**Tam Jai**", 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 2024 (the "**Year**" or "**FY2024**"), together with the comparative figures for the year ended 31 March 2023 ("**FY2023**") as follows:

HIGHLIGHTS

- Group's revenue grew by 5.9% to HK$2,748.4 million, driven by 14 net openings in restaurant network and slight comparable restaurant revenue growth in Hong Kong.
- Profit for the Year excluding government subsidies[(1)] increased by 34.2% to HK$117.0 million.
- Narrowed operating loss[(2)] outside Hong Kong by 52.5% to HK$14.1 million.
- Incremental income from overseas franchise is expected to start in FY2025[(3)].
- The Board has resolved to recommend a final dividend of HK5.9 cents per share. Inclusive of the distributed interim dividend, the total dividend for the Year amounted to HK8.9 cents per share, representing an annual dividend payout ratio of 100%.

Notes:

(1) This is a non-HKFRS measure, defined as profit for the relevant year deducting government subsidies, which are non-recurring income.

(2) This is a non-HKFRS measure, defined as revenue less restaurant and central kitchen costs and excluding costs attributable to headquarters and office.

(3) FY2025 refers to the year ending 31 March 2025.

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change in
	2024	2023	percentage
	HK$'000	*HK$'000*	*%*
Results			
Revenue	**2,748,406**	2,594,613	5.9%
Profit before taxation	**151,992**	176,005	–13.6%
Profit for the year	**118,649**	140,953	–15.8%
Profit margin	**4.3%**	5.4%	
Adjustment for non-HKFRS measure:			
Less: Government subsidies	**1,602**	53,748	–97.0%
Profit for the year excluding government subsidies[(1)(3)]	**117,047**	87,205	34.2%
Profit margin excluding government subsidies[(2)(3)]	**4.3%**	3.4%	
Per share data (HK cents)			
Basic earnings	**8.9**	10.5	
Diluted earnings	**8.8**	10.5	
Interim dividend	**3.0**	—	
Final dividend	**5.9**	10.5	
Total dividend	**8.9**	10.5	

	At 31 March		Change in
	2024	2023	percentage
	HK$'000	*HK$'000*	*%*
Assets and liabilities			
Non-current assets	**1,116,291**	1,161,080	–3.9%
Current assets	**1,506,633**	1,513,927	–0.5%
Non-current liabilities	**491,145**	502,625	–2.3%
Current liabilities	**646,278**	630,534	2.5%
Capital and reserves	**1,485,501**	1,541,848	–3.7%
Key financial ratios			
Current ratio[(4)]	**2.3**	2.4	
Quick ratio[(5)]	**2.3**	2.4	
Return on assets[(6)]	**4.5%**	5.4%	
Return on equity[(7)]	**7.8%**	9.1%	

Notes:

(1) Profit for the year excluding government subsidies is a non-HKFRS measure, defined as profit for the relevant year deducting government subsidies, which are non-recurring income.

(2) Profit margin excluding government subsidies is a non-HKFRS measure, calculated based on our profit for the relevant years excluding government subsidies divided by our revenue for the corresponding years and multiplied by 100%.

(3) The use of non-HKFRS measure is helpful for investors to understand the Group's operating results. Same as other non-HKFRS measures used by the Group, the use of such item has limitations as an analytical tool. For details, please refer to the paragraph headed "Performance of restaurant operations" on pages 13 to 16 of this announcement.

(4) 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.

(5) 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.

(6) 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%.

(7) Calculated based on our profit for the relevant years divided by our average total equity attributable to our equity shareholders as at the beginning and the end of the corresponding years and multiplied by 100%.

CHAIRMAN'S STATEMENT

Tam Jai, best known for its exceptional soup tastes, has its specific path of development. With its great mission to bring the homegrown tastes to the world, we have been investing in people and infrastructure to support our business expansions both domestically and internationally, charting our own path of development, while striving to deliver revenue and profit growth in a rapidly changing business environment. During FY2024, the food and beverages ("**F&B**") industry was hit by a slower-than-expected economic recovery, along with weak consumer sentiment in most of the markets we are in, and a swift change in consumer habits. In particular in our home, Hong Kong, with the reopening of domestic and international borders, there was a notable increase in outbound travel, yet the inbound traveller arrivals simply could not fill the gap. In such an unfavourable business climate, I am proud to have a dedicated team who endlessly fight for results to reward our customers and the Shareholders.

Having been growing in a high pace over the last five years, with a double digit compound annual growth rate in revenue, we are delighted to witness the continuous growth of our business, despite unprecedented industry headwinds during the Year. Tam Jai International is still going strong as a brand and as a business. We continued to achieve year-on-year revenue growth in Hong Kong in FY2024, while also successfully narrowing our losses outside of Hong Kong. Overall, we are pleased to report that our Group's revenue rose by 5.9% year-on-year to HK$2,748.4 million. Profit for the Year excluding government subsidies also increased by 34.2% to HK$117.0 million. Looking around in the midst of a challenging business environment, it is uncommon to observe companies consistently generating profits every year while simultaneously investing in other growth streams. Yet, we once again have made it.

To share success with the Shareholders, the Board has resolved to recommend a final dividend of HK5.9 cents per share of the Company (the "**Share(s)**"). Including the interim dividend of HK3.0 cents per Share for the six months ended 30 September 2023, the Company's total dividend for FY2024 amounted to HK8.9 cents (FY2023: HK10.5 cents), representing an annual payout ratio of approximately 100% (FY2023: 100%).

New Chapter Begins:

Developing Franchise Business outside Hong Kong

We have always tried to realise our vision in bringing the "Tam Jai Taste" to every corner of the world. So far, the journey has been fruitful though it has not reached our goals yet. Overseas subsidiaries yielded mixed results, with notable progress made in Japan, and several operational challenges in Mainland China and Singapore. Although these markets may require additional time and effort to become fully-fledged, valuable lessons and insights we gained during the process allow us to review and advance our overseas strategy.

Our brands operating in several countries have effectively demonstrated our scalability and operational consistencies, garnering us valuable experiences in franchising. In addition, our infrastructure and branding invested and prepared these few years has also ensured our capability in supporting our business partners in various countries. By leveraging the local expertise and network, established infrastructure and proven track record, franchising provides an opportunity to establish Tam Jai quicker overseas and assures a much higher chance of success. Our strong brand power has drawn many franchise interests from around the world. Particularly, in October 2023, we have set up a joint venture ("**JV**") with a subsidiary of ST Group Food Industries Holdings Limited ("**ST Group**"). ST Group has a successful track record in sub-franchising various Asian brands in Australia and New Zealand. Their extensive network of sub-franchisees would be a good asset for the JV, enabling it to carry out franchise business. This collaboration will lay a solid foundation for our future expansion into other western markets.

In addition to Australia, we are also excited about the prospects that await us in the Philippines. We made good progress with the finalisation of details of a master franchise agreement with a subsidiary of Suyen Corporation in relation to the proposed entry into the Philippines by way of a franchise arrangement ("**Philippines Franchise**"). This move will be a pivotal stepping stone for us to grow into the larger Southeast Asian market.

Multi-branding in Hong Kong

After years of effort, we firmly believe that our brands, Tamjai Yunnan Mixian ("**TamJai**") and Tamjai SamGor Mixian ("**SamGor**"), have become an embodiment of its own culture and experience, showcasing a set of transferrable operational know-how. Our proven track record and expertise in driving Tam Jai's business in the affordable fast casual segment give us the confidence to extend these capabilities to other brands within the same segment.

Hence, in Hong Kong, we made our first step to go beyond the "Tam Jai Taste". As announced in November 2023, we obtained the exclusive rights to operate "Marugame Seimen" udon noodle restaurants through franchise arrangement in Hong Kong. Since providing management services for the operation of "Marugame Seimen" restaurants in Hong Kong, we have witnessed remarkable improvement in their business performance. We are confident that the upcoming franchised "Marugame Seimen" restaurants, set to open soon, will bring a fresh and authentic Japanese dining experience to the Hong Kong market, extending our reach to a wider audience. This strategic initiative not only enables us to diversify our brand portfolio and income streams by leveraging the extensive arrays of restaurants of our controlling shareholder, Toridoll Holdings Corporation ("**Toridoll JP**"), but also demonstrates our capacity to be a trusted franchise partner for overseas F&B chains.

Invest in the Future

To achieve our expansion goals, we will continue to invest in our management team and talented individuals. Additionally, we are committed to driving our digital transformation by enhancing our point-of-sales ("**POS**") system, customer relationship management ("**CRM**") system and mobile apps. These efforts are expected to further improve customer experience and their loyalties, expand our customer base, and prepare us better for a more digitalised retail ecosystem. Investments in other systems have also taken place in enabling us to achieve greater scalability and consistency in our operations on a global scale.

Our resilience was the result of our ability to weather through storms. We thoroughly understand the level of competitiveness and pace for changes in the F&B industry. To remain agile to market shocks, we will continue to maintain our healthy financial position. At the same time, as the company has sufficient cash reserves, we will also keep a keen eye on potential investment and collaboration opportunities that would further fast-track our growth.

While driving business performance, we also greatly value sustainable development. The Group has established its environmental, social and governance ("**ESG**") strategy with three core pillars: "Nourishing Communities", "Uplifting People", and "Preserving Nature". Through various sustainability initiatives, we have demonstrated our commitment to making a positive impact on the environment, supporting our employees, and contributing to the development of local communities.

Acknowledgment

I am truly grateful to lead TJI alongside a dedicated team who shares our vision. I extend my deepest appreciation to the Shareholders, employees, customers, business partners, suppliers for their unwavering support and trust in navigating the challenging business environment. Your continuous support remains the driving force behind our ongoing accomplishments.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

In Hong Kong, as the COVID-19 pandemic ("**COVID-19**") began to subside since early 2023, there was a sense of optimism regarding the recovery of consumption. However, the reopening of borders posed unexpected challenges for the local consumption sector, marked by shifting consumer habits driving up an increase in outbound travellers. The demanding environment of the F&B industry was further compounded by a weaker-than-expected economic rebound, persistent inflationary pressures and heightened competition. Nonetheless, the Group has demonstrated resilience and growth, driven by its innovation, strong brand equity, operational excellence, efficient supply chain management and consistent delivery of quality food and services throughout the Year, paralleling its experience during COVID-19. In FY2024, the Group was still able to achieve revenue growth with an expanded restaurant network in Hong Kong. Contributing to 93.5% of the Group's total revenue for the Year, Hong Kong remained as the key revenue driver of the Group, supporting the Group's ventures into other markets and exploration of other additional growth opportunities.

For the Group as a whole, total revenue reached HK$2,748.4 million in FY2024, representing a 5.9% increase, as compared to FY2023, attributable to the net addition of 14 self-operated restaurants. As at 31 March 2024, the Group operated an extensive restaurant network of 229 stores covering Hong Kong, Mainland China, Singapore and Japan, under two hero brands, namely TamJai and SamGor. Excluding government subsidies (a non-Hong Kong Financial Reporting Standards ("**HKFRSs**") measure), the Group's profit for the year in FY2024 increased by 34.2% year-on-year to HK$117.0 million. Taking into account the government subsidies, profit for the Year was HK$118.6 million (FY2023: 141.0 million).

For its business outside Hong Kong, the Group also reported significant growth in Japan and moderate improvement in Mainland China. However, there was a notable setback in Singapore. Across the combined markets outside of Hong Kong, the Group's revenue grew by 25.1% year on year in FY2024, while operating loss narrowed by 52.5%, thanks to network expansion, streamlined workflows and effective cost control. While these results are encouraging, the Group acknowledges the need for further improvements in its brand building, marketing and communications, menu localisation and shop enhancement strategies across all three markets to optimise profitability, thereby bringing our overseas operations a self-sustaining financial model in the future.

Despite geopolitical tensions exerting pressure on the global supply chain, which in turn resulted in higher food and material costs, the Group effectively maintained a stable cost-to-revenue ratio for food and beverages consumed at 23.6% in FY2024 (FY2023: 23.9%). This is attributable to the Group's strategic price adjustment, procurement enhancement strategies, reduction in food wastage and increasingly standardised workflows. The Group's strategic procurement initiatives included centralised bulk sourcing and direct procurement from sources to mitigate the escalating food costs.

Besides, the Group's persistent efforts in digitalisation and streamlining production workflow were implemented to enhance frontline staff productivity, thereby offsetting partially rising cost pressures. Although staff cost in the F&B industry rose due to higher inflation rate and the group's continuous investment in talents, the Group's staff cost-to-revenue ratio at the restaurant level remained stable at 25.3% in FY2024 (FY2023: 24.8%). Overall staff cost-to-revenue ratio maintained at 32.4% for FY2024 (FY2023: 31.9%). The Group will continue to strengthen its management team for developing its new streams of businesses and to nurture talented performers in the back offices to support growth targets.

Regional Analysis — Hong Kong

Over the past five financial years ended 31 March 2024, the Group achieved a compound annual revenue growth of 11.0% in Hong Kong, despite sustained challenges from growing competition in the F&B industry and COVID-19. The Group's consistent revenue growth underscores its adaptability and resilience, as well as effective management practices in navigating the dynamic market. Even under a higher comparison base in the past few years and the increasingly challenging macro environment, the Group still managed to achieve a further revenue growth of 4.8% year-on-year in the Hong Kong market, reaching HK$2,570.9 million in FY2024, mainly driven by its net opening of restaurants during the Year. There were 7 net openings to its Hong Kong restaurant network, with the total number of self-operated stores reaching 189 as at 31 March 2024, mainly located in the residential and commercial areas.

After the reopening of borders in early 2023, the F&B industry faced challenges due to a surge of outbound travellers and day trip visitors to Mainland China, impacting revenue growth especially during weekends. A series of revenue enhancement initiatives were launched, which were proved to be successful in partially offsetting the negative impact from local northbound travellers. As a result, the Group achieved a stable year-on-year comparable restaurant revenue performance, with a slight increase of 0.3% in FY2024.

To further increase market penetration, the Group strategically enhanced its product offerings, in attempt to expand the customer base to a wider range of demographics. Notably, the innovative introduction of afternoon tea sets "Me More Tea Set" and "Hot Dish" series in July and December 2023, respectively were proved to be successful in stimulating consumption during relatively lower volume periods, leading to enhanced restaurant-level utilisation. The continuous introduction of premium toppings, new snacks and special drinks has also contributed to maintaining customer interests while attracting more new customers. In addition, the Group further expanded its reach by launching joint promotions with various aggregators and by activating members for consumption through its CRM system. These initiatives have played a significant role in driving the Group's incremental revenue and stickiness of our customers.

During the Year, the Group strategically provided increased and more frequent value-for-money promotional offers to sustain customer traffic and maintain its market share in the face of weak consumption sentiment. This was achieved without compromising the gross margin, thanks to the implementation of cost reduction initiatives facilitated by the Group's efficient supply chain management, as highlighted in the section headed "Business Overview" in this announcement. Benefitting from strengthened supply chain management and effective cost control measures, the Group's operating profit in Hong Kong remained stable at HK$473.2 million (FY2023: HK$475.2 million).

Regional Analysis — Mainland China

The Group's revenue from the Mainland China market increased by 33.5% year-on-year in FY2024, mainly attributable to six net openings. Operating loss of this market have also slightly improved, supported by the Group's continuous effort in driving operational enhancement. The Mainland China market has also received promising customer feedback on its new store design.

Compared to other cities within the Greater Bay Area ("**GBA**"), Shenzhen stands out as a working population city that has experienced a more severe impact from economic slowdown and softer consumption sentiment. In view of the market feedback, the Group strategically closed 4 underperforming restaurants in Shenzhen, redirecting its expansion focus to Guangzhou and second-tier cities in the GBA, capitalising on the lower operating costs and larger domestic populations in these regions compared to Shenzhen. As a proof of the success of its latest strategy, the Group's 10 newly opened restaurants in FY2024, primarily located in Guangzhou, Dongguan, Zhongshan, Zhuhai and Foshan in the GBA, demonstrated better store profitability compared to that of Shenzhen during the Year.

Furthermore, the competitive landscape in the Mainland China market has intensified, resulting in increasingly severe competition and the widespread use of heavy discounts by market players. The Group has deliberately slowed down store openings while simultaneously focused on enhancing its core competencies. In recent months, the Group has observed some positive signs of improvement. Looking ahead, the Group will continue to invest in the Mainland China market, expecting further opportunities in the F&B sector as the economy gains traction.

Regional Analysis — Singapore

The F&B industry in Singapore has encountered numerous challenges, including rising costs, manpower shortages and an increasing number of market entrants. As a result, the Group's comparable restaurant revenue declined year on year in this market. Overall revenue, however, increased by 14.2% year on year in FY2024 due to one new restaurant opening in the Year.

During the Year, the Group's major focus remained on stabilising the local management team, retaining and recruiting staff, as well as enhancing operations for the existing 11 restaurants as at 31 March 2024. However, instability of management team disrupted sales driving momentum, resulting in unsatisfactory results. With the stabilisation of the new team, the Group plans to implement various sales driving actions. These actions include implementing menu re-engineering to better cater to local consumer preferences, launching more marketing campaigns to increase brand awareness and conversions and optimising procurement costs.

In the coming months, the Group plans to launch more strategic partnerships and joint promotions with banks and aggregators to further improve its brand awareness and drive sales. In addition, a CRM system is set to debut by the end of 2024. Looking ahead, the Group will continue leveraging Singapore's strategic location to explore new opportunities for expanding the presence of "Tam Jai Taste" to other cities in the Asia Pacific region.

Regional Analysis — Japan

In FY2024, the Group's business in Japan emerged as the best-performing market among all markets outside of Hong Kong, showcasing notable revenue growth of 35.4% and a remarkable reduction in operating loss. Comparable restaurant revenue also jumped by over 40.0%, mainly attributed to the effective enhancement of operational standards and marketing programs, the successful partnership with new delivery platforms, namely Uber Eats and Demaecan, and the growing positive reception of the "TamJai" brand in the country. The two delivery partners played a significant role in driving incremental revenue, accounting for approximately 16.8% of the total revenue in Japan, although restaurant count remained at three as at 31 March 2024.

Through the execution of various localisation projects and business rebranding as "Hong Kong No.1 mixian", the new local management team in Japan successfully emphasized its unique value proposition for local customers. Additionally, the Group was able to boost average spending per customer through increasing menu prices, without compromising on restaurant traffic. Furthermore, the Group's enhanced cost efficiency through ingredient substitutions, curbing food wastage and streamlined workflows led to a notable improvement in operating loss.

PROSPECTS

Stable growth in Hong Kong

The Group's primary objective is to maintain stable growth in Hong Kong. Despite the expected challenging operating environment in the coming year, we have confidence in our track records of resilience. The Group's hero brands, "TamJai" and "SamGor", which together have nearly 190 stores in the city as of March 31, 2024, are expected to continue being the main contributors to the Group's revenue and profit in the near future. This will be achieved by regularly introducing value-for-money promotions, innovative food offerings and CRM campaigns to stimulate customer traffic and drive spending. Besides, the Group will also explore different store formats and locations with growth potential for moderate expansion, while strengthening partnerships with aggregators to expand market penetration.

Given the prolonged path to economic recovery, there is a noticeable shift among consumers towards more affordable dining options. In light of this trend, the Group has embarked on a strategic multi-branding initiative, introducing a franchisee model to expand its brand portfolio. The primary objective is to incorporate affordable dining concepts that embody playfulness, insightfulness, and creativity while staying true to the distinctive "Tam Jai" culture. Leveraging the synergies with the extensive restaurant portfolio of Toridoll JP, the Group's controlling shareholder, TJI has set a medium-term target of opening a total of 50 franchised brand restaurants in Hong Kong within the next five to seven years. This strategic move aims to capitalise on the evolving consumer preferences and drive sustained growth in Hong Kong.

For the first franchised brand "Marugame Seimen" in Hong Kong, the Group plans to open four to six new udon noodle restaurants in the coming financial year. These restaurants aim to provide a fresh and authentic Japanese dining experience to a wider audience. Furthermore, the Group is actively exploring growth opportunities of other brands from Toridoll JP in Hong Kong. This multi-branding strategy seeks to diversify the Group's revenue mix, expand its customer base, as well as gradually transform TJI into a multi-brand F&B leader that represents quality food and services, diverse dining options and efficient management, through its transferrable operational know-how. This positioning will enable the Group to evolve into a reliable partner for overseas F&B brands.

Bringing "Tam Jai Taste" to the world

The Group's business in Hong Kong is a robust source of revenue and profit, supporting TJI's vision to introduce the renowned "Tam Jai Taste" to global markets. By adopting a franchise model, the Group anticipates not only accelerated growth in overseas markets through the support of local partners but also the generation of incremental franchise income, contributing to an enhancement of the Group's overall profitability in the future.

In October 2023, the Group entered into a JV agreement with a subsidiary of ST Group, a well-established F&B group in Australia, for entering the Australian and New Zealand markets. Supported by ST Group's established infrastructure, local industry expertise and a network of sub-franchisees, this strategic move allows the Group to adapt quickly to local customer preferences and unlock expansion opportunities in the regional market. The JV has achieved satisfactory progress, with identified locations for the JV's first restaurant in Melbourne, Australia, aiming to open within 2024. The Group is also making good progress with its JV partner in various preparations, including the finalisation of the master franchise agreement and subsequently the sub-franchise arrangement with the sub-franchisees, franchise portal production, international food menu development, shop layout design, central kitchen setup, and license applications. This marks the Group's first foray into the Western market. For details of the JV, please refer to the announcement of the Company dated 1 November 2023.

Apart from Australia, the Group is also looking into market opportunities in the Philippines. The Group is finalising the details of the master franchise agreement with a subsidiary of Suyen Corporation for the Philippines Franchise, which is expected to give the Group a strong pivot to tap into the larger Southeast Asian market.

Prudent expansion in Mainland China and Japan

In Mainland China, a prudent approach will be adopted to ensure a strategic and cautious approach to developing the Group's business in the GBA. Benefitting from the better performance of its restaurants located in second-tier cities, which were less affected by the economic slowdown, the Group is confident in the effectiveness of its expansion strategy. The Group plans to open new restaurants in a cautious manner in Mainland China, including second-tier cities within the GBA. Besides, the Group will explore alternative restaurant formats with lighter capital expenditures, facilitating a faster turnaround. Such expansion strategy will be reviewed periodically according to the economic condition and latest industry trends in the country.

Thanks to the Japanese population's strong affinity for local noodle culture, surpassing that of many other countries, the Group plans to capitalise on its current success in the Japanese market and expand its restaurant network, particularly in Tokyo. With the performance continuously improving, the Group will prioritize expanding into residential areas with lower rental costs, shifting its focus away from prime spots. This strategic approach will serve as a solid foundation to scale up the Group's operations in Japan.

Drive traffic and efficiency outside Hong Kong

The Group remains committed to nurturing brand awareness and improving operational efficiency in Mainland China, Singapore and Japan. Building on the success in Hong Kong, the Group will strengthen its brand positioning as "Hong Kong No. 1 mixian" across all markets outside of Hong Kong. The Group has made progress in marketing and localisation initiatives to embed the brand locally, menu offerings, and restaurant layout, with the goal of becoming the preferred choice for local customers. Apart from bolstering marketing efforts to drive customer traffic, the Group will also continuously enhance operational efficiencies for each market, striving towards achieving breakeven for sustainable development.

Invest in future growth

The Group strategically invests to build a solid foundation for expanding its network and supporting future growth. Recognising the significance of investing in its people and technology, the Group will continue to strengthen its management team and cultivate talent for long-term success. In terms of digital transformation, the Group will continue to invest in technology to enhance its POS system, and CRM system, supply chain management system and other back of the house systems. The aim is to enhance the overall customer experience, loyalty and revenue, strengthen internal management, streamline operational processes and increase efficiency. These investments will facilitate scalability and uphold consistency as the Group expands its operations.

Performance of restaurant operations

To supplement the consolidated statement of profit or loss presented in accordance with 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
	2024	2023	percentage
	HK$'000	*HK$'000*	%
Revenue	**2,748,406**	2,594,613	5.9%
Restaurant and central kitchen operating costs:			
— Cost of food and beverages consumed	**(648,136)**	(620,318)	4.5%
— Staff costs[1]	**(726,506)**	(670,576)	8.3%
— Depreciation of right-of-use assets, rental and related expenses[1]	**(516,171)**	(483,870)	6.7%
— Consumables and packaging	**(61,229)**	(75,482)	–18.9%
— Utilities expenses	**(85,315)**	(73,099)	16.7%
— Handling charges	**(103,359)**	(80,529)	28.4%
— Advertising and promotion	**(61,164)**	(61,026)	0.2%
— Cleaning expenses	**(25,036)**	(22,850)	9.6%
— Repairs and maintenance	**(21,251)**	(18,413)	15.4%
— Other expenses[1]	**(41,195)**	(43,026)	–4.3%
Operating profit (a non-HKFRS measure)	**459,044**	445,424	3.1%
Operating profit margin (a non-HKFRS measure)	**16.7%**	17.2%	

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".

	Year ended 31 March		Change in
	2024	2023	percentage
	HK$'000	*HK$'000*	*%*
Operating profit/(loss) by geographical location (a non-HKFRS measure)			
Hong Kong	**473,189**	475,224	–0.4%
Mainland China and overseas markets	**(14,145)**	(29,800)	–52.5%
Total	**459,044**	445,424	3.1%
Operating profit margin by geographical location (a non-HKFRS measure)			
Hong Kong	**18.4%**	19.4%	
Mainland China and overseas markets	**–8.0%**	–21.0%	
Overall	**16.7%**	17.2%	

The operating profit margin of our restaurant operations decreased from 17.2% in FY2023 to 16.7% in FY2024, mainly due to (i) the increase in discount offerings during FY2024 as compared to FY2023; (ii) the increase in our handling charges as a percentage of revenue due to a higher portion of revenue generated by the delivery platforms in FY2024; and offset by (iii) the decrease in our consumables and packaging expenses as a percentage of revenue, lower ingredient costs as a result of our enhanced global procurement strategies and the reduction in consumption of plastic cutlery with our ESG initiative during FY2024.

Restaurant network

As at 31 March 2024, we had a total number of 229 self-operated restaurants located in Hong Kong, Mainland China, Singapore and Japan. In FY2024, we recorded revenue amounting to HK$2,748.4 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	
	2024	2023	**2024**	2023
Number of self-operated restaurants				
Hong Kong	**95**	91	**94**	91
Mainland China	**—**	—	**26**	20
Singapore	**11**	10	**—**	—
Japan	**3**	3	**—**	—
Total	**109**	104	**120**	111

Revenue by geographic location

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

	Year ended 31 March		Change in
	2024	2023	percentage
	HK$'000	*HK$'000*	%
Hong Kong	**2,570,897**	2,452,667	4.8%
Mainland China and overseas markets	**177,509**	141,946	25.1%
Total	**2,748,406**	2,594,613	5.9%
— Dine-in	**59.5%**	54.7%	
— Takeaway and delivery[1]	**40.5%**	45.3%	

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
	2024	2023	percentage
	HK$'000	*HK$'000*	%
Hong Kong	**2,145,522**	2,139,270	0.3%
Mainland China and overseas markets	**68,896**	71,955	–4.3%
Total	**2,214,418**	2,211,225	0.1%

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.

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	
	2024	2023
Average spending per customer (HK$)[(1)]		
Hong Kong	**61.2**	61.5
Mainland China	**40.1**	46.1
Singapore	**86.7**	82.4
Japan	**68.1**	62.6
Overall	**60.8**	61.4
Average daily number of bowls served per seat[(2)]		
Hong Kong	**6.1**	6.0
Mainland China	**3.2**	3.0
Singapore	**2.9**	3.7
Japan	**5.8**	5.0
Overall	**5.8**	5.8
Average daily revenue per restaurant (HK$)[(3)]		
Hong Kong	**38,578**	38,915
Mainland China	**8,974**	10,383
Singapore	**18,539**	22,207
Japan	**24,023**	19,316
Overall	**34,196**	35,767

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.

Financial review

Revenue

Our revenue increased by 5.9% from HK$2,594.6 million in FY2023 to HK$2,748.4 million in FY2024. The increase was primarily due to the increase in the number of restaurants in operation in FY2024.

Cost of food and beverages consumed

Our cost of food and beverages consumed increased by 4.5% from HK$620.3 million in FY2023 to HK$648.1 million in FY2024, which was mainly due to the expansion of our restaurant operation in FY2024. Our cost of food and beverages consumed as a percentage of revenue remained stable at 23.9% and 23.6% in FY2023 and FY2024, respectively.

Other net income

Our other net income decreased significantly from HK$74.0 million in FY2023 to HK$50.5 million in FY2024, due to lower government subsidies in Hong Kong in FY2024 which decreased by HK$52.1 million, and offset by the increase in interest income from bank deposits by HK$26.4 million in FY2024.

Staff costs

Our overall staff costs (including restaurant, central kitchen and headquarters and offices staff) increased by 7.4% from HK$828.6 million in FY2023 to HK$889.5 million in FY2024, which was primarily due to (i) the increase in restaurant staff costs due to the expansion of restaurant network; and (ii) the increase in headquarters and offices headcount coping with the future expansion plans. Our staff costs as a percentage of revenue slightly increased from 31.9% in FY2023 to 32.4% in FY2024.

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

	Year ended 31 March			
	2024		2023	
	HK$'000	***%***	*HK$'000*	*%*
Restaurant staff	**696,295**	**78.3%**	643,874	77.7%
Central kitchen staff	**30,211**	**3.4%**	26,702	3.2%
Headquarters and offices staff	**163,000**	**18.3%**	158,003	19.1%
Total	**889,506**	**100%**	828,579	100%

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment decreased by 6.2% from HK$123.0 million in FY2023 to HK$115.4 million in FY2024, mainly attributable to a higher number of fully depreciated restaurants in FY2024 as compared to FY2023.

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

Our depreciation of right-of-use assets, rental and related expenses increased by 6.6% from HK$499.3 million in FY2023 to HK$532.1 million in FY2024, 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			
	2024		2023	
	HK$'000	***%***	*HK$'000*	*%*
Depreciation of right-of-use assets, rental and related expenses attributable to:				
— Restaurant	**502,127**	**94.4%**	470,750	94.3%
— Central kitchen	**14,044**	**2.6%**	13,120	2.6%
— Headquarters and offices	**15,946**	**3.0%**	15,431	3.1%
Total	**532,117**	**100%**	499,301	100%

Consumables and packaging

Our consumables and packaging decreased by 18.9% from HK$75.5 million in FY2023 to HK$61.2 million in FY2024, primarily attributable to the reduction of disposable cutleries demand from customers. Our consumables and packaging as a percentage of revenue dropped from 2.9% in FY2023 to 2.2% in FY2024.

Utilities expenses

Our utilities expenses increased by 16.7% from HK$73.1 million in FY2023 to HK$85.3 million in FY2024, mainly attributable to the increase in the number of our restaurants and increase in average utilities cost as a result of the lower utilities subsidies received in FY2024 as compared to FY2023. Our utilities expenses as a percentage of revenue slightly increased from 2.8% in FY2023 to 3.1% in FY2024.

Advertising and promotion expenses

Our advertising and promotion expenses remained stable at HK$61.0 million in FY2023 and HK$61.2 in FY2024, respectively. Our advertising and promotion expenses as a percentage of revenue slightly dropped from 2.4% in FY2023 to 2.2% in FY2024.

Other expenses

Our other expenses increased by 14.9% from HK$71.1 million in FY2023 to HK$81.7 million in FY2024, 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			
	2024		2023	
	HK$'000	*%*	*HK$'000*	*%*
Other expense attributable to:				
— Restaurant[1]	**21,413**	**26.2%**	27,198	38.2%
— Central kitchen[2]	**19,782**	**24.2%**	15,828	22.3%
— Headquarters and offices[3]	**40,494**	**49.6%**	28,077	39.5%
Total	**81,689**	**100%**	71,103	100%

Notes:

(1) Mainly consisted of insurance expenses and POS system maintenance costs.

(2) Mainly consisted of logistics expenses.

(3) Mainly consisted of services fees to Toridoll Holding Limited and Toridoll JP, 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 20.0% from HK$18.9 million in FY2023 to HK$22.7 million in FY2024 was due to the expansion of our restaurant network during FY2024.

Income tax expense

Our income tax expense decreased from HK$35.1 million in FY2023 to HK$33.3 million in FY2024, which was attributable to the decrease in the assessable profits in FY2024.

Right-of-use assets

Our right-of-use assets increased from HK$768.6 million as at 31 March 2023 to HK$778.9 million as at 31 March 2024 as we entered into more tenancy agreements for our restaurants.

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$23.2 million as at 31 March 2023 to HK$24.9 million as at 31 March 2024, mainly attributable to the expansion of our restaurant network. Our inventory turnover days increased from 11.5 days in FY2023 to 13.6 days in FY2024.

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) trading balances receivable from the delivery platforms; (iii) cash-in-transit pending to be deposited into our bank accounts held by a secured logistics service provider; (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 increased from HK$215.1 million as at 31 March 2023 to HK$239.6 million as at 31 March 2024, mainly due to the increase in trading balances receivable from the delivery platforms.

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 remained stable at HK$238.4 million and HK$231.8 million as at 31 March 2023 and 2024, respectively.

Lease liabilities

Our lease liabilities increased from HK$787.8 million as at 31 March 2023 to HK$803.5 million as at 31 March 2024, which was mainly due to new tenancy agreements for restaurants entered into by us during FY2024.

Liquidity and financial resources

We principally fund our working capital from internally generated cash flows. As at 31 March 2024, our cash and cash equivalents (representing the cash and bank balances) were HK$1,351.5 million (31 March 2023: HK$1,375.7 million). The bank deposits and cash were denominated in Hong Kong dollars, Renminbi, Singapore dollars and Japanese Yen.

As at 31 March 2024, we did not have any interest-bearing bank and other borrowings (31 March 2023: Nil). Accordingly, the gearing ratio is not available.

Pledge of assets

As at 31 March 2024, we had no pledged assets (31 March 2023: Nil).

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 2024, we had capital commitments of HK$1.2 million (31 March 2023: HK$2.3 million).

Contingent liabilities

As at 31 March 2024, 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 2024.

Material acquisitions and disposals by the Group

During FY2024, 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 of the Company dated 23 September 2021 (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 2024, we had 3,304 employees (31 March 2023: 3,363). 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 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 amended in the manner as disclosed in the announcement of the Company dated 1 November 2023. As at 31 March 2024, an analysis of the utilisation of the Net Proceeds is as follows:

Proposed use of Net Proceeds	**Approximate % of Net Proceeds**	**Net Proceeds**	**Unutilised Net Proceeds as at 1 April 2023**	**Utilised Net Proceeds during the year ended 31 March 2024**	**Unutilised Net Proceeds as at 31 March 2024**	**Expected timeline of full utilisation**
		(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
Expansion of the restaurant network[(1)]	57.4%	603.3	388.0	49.4	338.6	Before 31 March 2026[(2)]
Expanding the central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia	9.4%	98.8	93.3	0.2	93.1	Before 31 March 2026[(2)]
Refurbishment of the restaurants and enhancing the operating equipment	10.5%	110.4	76.7	20.1	56.6	Before 31 March 2026[(2)]
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	41.4	10.1	31.3	Before 31 March 2026[(2)]
International brand building and new market entry promotion	7.8%	82.0	34.1	31.7	2.4	Before 31 March 2026[(2)]
General corporate purposes and working capital	9.8%	102.9	—	—	—	—
Total	100%	1,051.0	633.5	111.5	522.0	

Notes:

(1) The use of the Net Proceeds under this category has been changed from expansion of the restaurant network comprising self-operated restaurants only to include the opening of restaurants in selected overseas markets through joint venture and/or franchising arrangements. For details, please refer to the announcement of the Company dated 1 November 2023.

(2) As a result of the outbreak of COVID-19 over the past years, the Group's business development is inevitably affected and the progress of the use of Net Proceeds has been delayed. For this reason, the expected timeline of full utilisation of the Net Proceeds has been revised from 31 March 2024 to 31 March 2026.

The expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Notes	**2024**	2023
		$'000	*$'000*
Revenue	3	**2,748,406**	2,594,613
Cost of food and beverages consumed		**(648,136)**	(620,318)
Other net income	4	**50,539**	74,024
Staff costs	5(a)	**(889,506)**	(828,579)
Depreciation of property, plant and equipment		**(115,415)**	(122,985)
Depreciation of right-of-use assets, rental and related expenses		**(532,117)**	(499,301)
Consumables and packaging		**(61,229)**	(75,482)
Utilities expenses		**(85,315)**	(73,099)
Handling charges		**(103,359)**	(80,529)
Advertising and promotion		**(61,164)**	(61,026)
Cleaning expenses		**(25,036)**	(22,850)
Repairs and maintenance		**(21,251)**	(18,413)
Other expenses		**(81,689)**	(71,103)
Finance costs	5(b)	**(22,736)**	(18,947)
Profit before taxation	5	**151,992**	176,005
Income tax expense	6	**(33,343)**	(35,052)
Profit for the year		**118,649**	140,953
Earnings per share (cents)	8		
— Basic		**8.9**	10.5
— Diluted		**8.8**	10.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	2024	2023
	$'000	*$'000*
Profit for the year	**118,649**	140,953
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)	**(2,904)**	(6,535)
Item that will not be reclassified to profit or loss:		
— Remeasurement of defined benefit plan obligation	**4,347**	—
Total comprehensive income attributable to equity shareholders of the Company for the year	**120,092**	134,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

(Expressed in Hong Kong dollars)

	Notes	**2024**	2023
		$'000	*$'000*
Non-current assets			
Property, plant and equipment		**188,167**	243,665
Right-of-use assets		**778,855**	768,627
Deposits and prepayments		**114,823**	123,648
Interest in joint venture		**4,988**	—
Deferred tax assets		**29,458**	25,140
		1,116,291	1,161,080
Current assets			
Inventories		**24,862**	23,176
Trade and other receivables	9	**46,341**	27,880
Deposits and prepayments		**78,399**	63,532
Current tax recoverable		**5,508**	23,689
Cash and bank balances		**1,351,523**	1,375,650
		1,506,633	1,513,927
Current liabilities			
Trade and other payables and accruals	10	**231,644**	238,238
Deposits received		**200**	200
Lease liabilities		**377,829**	351,590
Current tax payable		**6,847**	13,867
Provisions		**29,758**	26,639
		646,278	630,534
Net current assets		**860,355**	883,393
Total assets less current liabilities		**1,976,646**	2,044,473

	Notes	**2024**	2023
		$'000	*$'000*
Non-current liabilities			
Lease liabilities		**425,622**	436,212
Provisions		**47,782**	45,832
Long service payment obligation		**14,591**	15,493
Deferred tax liabilities		**3,150**	5,088
		491,145	502,625
Net assets		**1,485,501**	1,541,848
Capital and reserves			
Share capital	11	**1,116,714**	1,116,189
Reserves		**368,787**	425,659
Total equity attributable to equity shareholders of the Company		**1,485,501**	1,541,848

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 2024 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 2024 and 2023 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 2023 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 2024 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

(i) New and amended HKFRSs

The Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") issued by the HKICPA to these financial statements for the current accounting period:

— HKFRS 17, Insurance contracts

— Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

— Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

— Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

— Amendments to HKAS 12, Income taxes: International tax reform — Pillar Two model rules

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.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong Special Administrative Region ("HKSAR") Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of the year ended 31 March 2023, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial with reference to the assessment by external specialist engaged by the Group, the Group did not restate the comparative figures of the consolidated financial statements.

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	
	2024	2023	**2024**	2023
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**2,570,897**	2,452,667	**816,440**	845,588
Mainland China and overseas markets	**177,509**	141,946	**150,582**	166,704
	2,748,406	2,594,613	**967,022**	1,012,292

(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 2024 and 2023.

4 OTHER NET INCOME

	2024	2023
	$'000	*$'000*
Bank interest income	**44,085**	17,641
Management fee income	**3,341**	2,026
Government subsidies *(Note)*	**1,602**	53,748
COVID-19-related rent concessions	**—**	274
Gain on termination/modification of leases	**987**	—
Loss on disposal of property, plant and equipment, net	**(2,620)**	(863)
Exchange loss, net	**(1,856)**	(4,093)
Others	**5,000**	5,291
	50,539	74,024

Note: For the year ended 31 March 2024, the amount mainly represented subsidies provided by government of Singapore under Progressive Wage Credit Scheme.

For the year ended 31 March 2023, the amount mainly represented subsidies provided by governments of the 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):

		2024	2023
		$'000	*$'000*
(a)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**844,227**	786,428
	Contributions to defined contribution retirement plans	**36,830**	35,879
	Long service payments	**4,603**	8
	Share-based payments	**3,846**	6,264
		889,506	828,579
(b)	**Finance costs**		
	Interest on lease liabilities	**22,736**	18,947
(c)	**Other items**		
	Depreciation		
	— property, plant and equipment	**115,415**	122,985
	— right-of-use assets	**435,002**	417,752
		550,417	540,737
	Variable lease payments, net of COVID-19-related rent concessions, not included in the measurement of lease liabilities		
	— variable lease payments	**6,968**	6,949
	— COVID-19-related rent concessions	**—**	(2,234)
		6,968	4,715
	Auditors' remuneration		
	— Audit services	**2,678**	2,560
	— Non-assurance services	**1,961**	2,123
		4,639	4,683
	Expense relating to leases of low-value assets	**5,988**	5,863
	Expense relating to short-term leases	**1,160**	981
	Impairment loss on property, plant and equipment, net	**1,553**	1,969
	Impairment loss on right-of-use assets, net	**4,409**	2,121
	Cost of inventories	**648,136**	620,318

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024	2023
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**40,583**	39,970
Over-provision in respect of prior years	**(879)**	(565)
	39,704	39,405
Deferred tax		
Origination and reversal of temporary differences	**(6,361)**	(4,353)
Income tax expense	**33,343**	35,052

The provision for Hong Kong Profits Tax for the year ended 31 March 2024 is calculated at 16.5% (2023: 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 2023. 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 2024 takes into account a reduction granted by the Government of HKSAR of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of $3,000 for each business (2023: a maximum reduction of $6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for the year ended 31 March 2023).

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 2024 and 2023.

7 DIVIDENDS

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

	2024	2023
	$'000	*$'000*
Interim dividend declared and paid of 3.0 cents per share (2023: Nil cents per share)	**40,228**	—
Final dividend proposed after the end of the reporting period of 5.9 cents per share (2023: 10.5 cents per share)	**79,121**	140,557
	119,349	140,557

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:

	2024	2023
	$'000	*$'000*
Final dividend in respect of the previous financial year of 10.5 cents per share (2023: 11.4 cents per share) *(Note)*	**140,584**	152,417

Note: In respect of the final dividend for the year ended 31 March 2023, there was a difference $27,000 between the final dividend disclosed in the FY2023 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 $118,649,000 (2023: $140,953,000) and the weighted average number of ordinary shares of 1,339,863,000 shares (2023: 1,337,742,000 shares), calculated as follows:

Weighted average number of ordinary shares

	2024	2023
	'000	*'000*
Issued ordinary shares at the beginning of the year	**1,338,638**	1,336,955
Effect of shares issued under the Company's share award scheme	**873**	688
Effect of share options exercised	**352**	99
Weighted average number of ordinary shares at the end of the year	**1,339,863**	1,337,742

(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 $118,649,000 (2023: $140,953,000) and the weighted average number of ordinary shares of 1,342,814,000 shares (2023: 1,340,765,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares at the end of the year used in calculating basic earnings per share	**1,339,863**	1,337,742
Effect of deemed issue of ordinary shares under the Company's share award scheme	**2,572**	1,922
Effect of outstanding share options	**379**	1,101
Weighted average number of ordinary shares (diluted) at the end of the year	**1,342,814**	1,340,765

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:

	2024	2023
	$'000	*$'000*
Less than 30 days	**34,621**	17,776
31 to 60 days	**386**	21
61 to 90 days	**4**	25
Trade receivables, net of loss allowance	**35,011**	17,822
Other receivables	**11,330**	10,058
Trade and other receivables	**46,341**	27,880

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:

	2024	2023
	$'000	*$'000*
Less than 30 days	**56,545**	56,422
31 to 60 days	**184**	13
61 to 90 days	**41**	5
91 to 120 days	**110**	—
Over 120 days	**132**	—
Trade payables	**57,012**	56,440
Other payables and accruals	**169,975**	179,554
Contract liabilities	**4,657**	2,244
Trade and other payables and accruals	**231,644**	238,238

11 SHARE CAPITAL

	No. of shares	Amount
		$'000
Ordinary shares, issued and fully paid:		
At 1 April 2022	1,340,484,740	1,115,972
Shares issued under share option schemes *(Note (i))*	255,630	217
At 31 March 2023 and 1 April 2023	**1,340,740,370**	**1,116,189**
Shares issued under share option schemes *(Note (i))*	**617,920**	**525**
Shares issued under share award scheme *(Note (ii))*	**5,340,200**	**—**
At 31 March 2024	**1,346,698,490**	**1,116,714**

Notes:

(i) During the year ended 31 March 2024, share options were exercised to subscribe for a total of 617,920 ordinary shares (2023: 255,630) of the Company at a total consideration of $525,000 (2023: $217,000) which were credited to share capital.

(ii) On 12 January 2024, 5,340,200 ordinary shares were allotted and issued to a trust set up by the Company for a share award scheme.

SUPPLEMENTARY INFORMATION

Corporate governance information

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During FY2024, the Company has applied the principles of good corporate governance and complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 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 C3 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 FY2024.

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

During FY2024, 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 2024 and up to the date of this announcement, no significant events in respect of the Group has occurred which have a 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 2024 with senior management of the Group and external auditor.

Final dividend

The Board has resolved to recommend a final dividend of HK5.9 cents per Share (2023: HK10.5 cents) for the year ended 31 March 2024 to the Shareholders whose names appear on the register of members of the Company on 19 August 2024. The final dividend, if approved at the AGM, will be payable in cash on 4 September 2024. The Shares will be traded ex-dividend as from 13 August 2024.

AGM

The AGM will be convened and held on 7 August 2024 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 2 August 2024 to 7 August 2024 (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 1 August 2024.

(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 15 August 2024 to 19 August 2024 (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 14 August 2024.

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 2024 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 draft 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 2024 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, 13 May 2024

As at the date of this announcement, the executive Directors are Mr. Lau Tat Man, Ms. Chan Ping, Rita and Mr. Yeung Siu Cheong, 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.