



Tam Jai International Co. Limited

譚仔國際有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 2217

譚仔 譚仔雲南米線



GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



# IMPORTANT

IMPORTANT: If you are in any doubt about the contents of this prospectus, you should obtain independent professional advice.



## Tam Jai International Co. Limited 譚仔國際有限公司 (Incorporated in Hong Kong with limited liability)

### GLOBAL OFFERING

Number of Offer Shares under the Global Offering : 335,008,000 Shares (subject to the Over-allotment Option)  
Number of Hong Kong Offer Shares : 33,501,000 Shares (subject to reallocation)  
Number of International Offer Shares : 301,507,000 Shares (subject to reallocation and the Over-allotment Option)  
Maximum Offer Price : HK\$4.17 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)  
Stock Code : 2217

#### Sole Sponsor



#### Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



#### Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents delivered to the Registrar of Companies and available for inspection — A. Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The final Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or around Tuesday, 28 September 2021 and in any event, not later than Wednesday, 6 October 2021. The Offer Price will be not more than HK\$4.17 per Offer Share and is currently expected to be not less than HK\$3.33. If, for any reason, the final Offer Price is not agreed by Wednesday, 6 October 2021 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$4.17 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$4.17.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$3.33 to HK\$4.17) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on our Company's website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

**Prior to making an investment decision, prospective investors should consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.**

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to or for the account or benefit of the U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

#### ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.tamjai-intl.com](http://www.tamjai-intl.com). If you require a printed copy of this document, you may download and print from the website addresses above.

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [www.tamjai-intl.com](http://www.tamjai-intl.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk);  
or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
  - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

<b>Thursday, 23 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Friday, 24 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Saturday, 25 September 2021</b>	—	<b>9:00 a.m. to 6:00 p.m.</b>
<b>Sunday, 26 September 2021</b>	—	<b>9:00 a.m. to 6:00 p.m.</b>
<b>Monday, 27 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Tuesday, 28 September 2021</b>	—	<b>9:00 a.m. to 12:00 noon</b>

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

If you are an **intermediary, broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to “How to Apply for Hong Kong Offer Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

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## IMPORTANT

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Your application must be for a minimum of 1,000 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS							
No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HKS</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HKS</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HKS</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HKS</i>
1,000	4,212.02	20,000	84,240.42	100,000	421,202.11	3,000,000	12,636,063.27
2,000	8,424.05	25,000	105,300.52	200,000	842,404.22	4,000,000	16,848,084.36
3,000	12,636.07	30,000	126,360.64	300,000	1,263,606.33	5,000,000	21,060,105.45
4,000	16,848.08	35,000	147,420.74	400,000	1,684,808.44	6,000,000	25,272,126.54
5,000	21,060.10	40,000	168,480.84	500,000	2,106,010.55	7,000,000	29,484,147.63
6,000	25,272.13	45,000	189,540.95	600,000	2,527,212.65	8,000,000	33,696,168.72
7,000	29,484.15	50,000	210,601.06	700,000	2,948,414.76	9,000,000	37,908,189.81
8,000	33,696.17	60,000	252,721.27	800,000	3,369,616.87	10,000,000	42,120,210.90
9,000	37,908.19	70,000	294,841.48	900,000	3,790,818.98	12,000,000	50,544,253.08
10,000	42,120.22	80,000	336,961.69	1,000,000	4,212,021.09	14,000,000	58,968,295.26
15,000	63,180.32	90,000	379,081.90	2,000,000	8,424,042.18	16,750,000 <sup>(1)</sup>	70,551,353.26

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*We will issue an announcement in Hong Kong to be published on our website ([www.tamjai-intl.com](http://www.tamjai-intl.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) if there is any change in the following expected timetable of the Hong Kong Public Offering:*

Hong Kong Public Offering commences<sup>(1)</sup> . . . . . 9:00a.m. on Thursday,  
23 September 2021

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on Tuesday,  
28 September 2021

Application lists of the Hong Kong Public Offering open<sup>(3)</sup> . . . . . 11:45 a.m. on Tuesday,  
28 September 2021

Latest time for (1) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s); and (2) Latest time to give **electronic application instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on Tuesday,  
28 September 2021

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close<sup>(3)</sup> . . . . . 12:00 noon on Tuesday,  
28 September 2021

Expected Price Determination Date<sup>(5)</sup> . . . . . On or around Tuesday,  
28 September 2021

Announcement of:

- the final Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on our website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on or before<sup>(10)</sup> . . . . . Wednesday, 6 October 2021

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels; including:

- in the announcement to be posted on our website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), respectively . . . . . Wednesday, 6 October 2021
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function from . . . . . 8:00 a.m. on Wednesday, 6 October 2021 to 12:00 midnight on Tuesday, 12 October 2021
- From the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on. . . . . Wednesday, 6 October 2021, Thursday, 7 October 2021, Friday, 8 October 2021 and Monday, 11 October 2021

Despatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before<sup>(6),(7)&(10)</sup> . . . . . Wednesday, 6 October 2021

Despatch/collection of refund cheques or **White Form** e-Refund payment instructions in respect of wholly or partially unsuccessful applications and wholly or partially successful applications if the final Offer Price is less than the price payable an application (if applicable) pursuant to the Hong Kong Public Offering on or before<sup>(8),(9)&(10)</sup> . . . . . Wednesday, 6 October 2021

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on<sup>(10)</sup> . . . . . Thursday, 7 October 2021

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*Notes:*

- (1) All times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or the Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 28 September 2021, the application lists will not open and close on that day. Please refer to the section headed "How to apply for Hong Kong

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Offer Shares — 10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists” in this prospectus for further detail. If the application lists do not open and close on Tuesday, 28 September 2021, the dates mentioned above may be affected. We will make an announcement in such event.

- (4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to the paragraphs headed “How to apply for Hong Kong Offer Shares — 6. Applying Through CCASS EIPO Service” in this prospectus for further detail.
- (5) We expect to determine the final Offer Price by agreement with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 28 September 2021 and, in any event, unless otherwise announced, not later than Wednesday, 6 October 2021. If, for any reason, the final Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Wednesday, 6 October 2021, unless otherwise announced, the Global Offering will not proceed and will lapse accordingly.
- (6) Share certificates for the Hong Kong Offer Shares are expected to be issued on Wednesday, 6 October 2021, but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination set out in the section headed “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details before the receipt of the Share certificates and before they become valid do so entirely at their own risk.
- (7) Applicants who apply through **White Form eIPO** service for 1,000,000 Shares or more under the Hong Kong Public Offering may collect refund cheques (where applicable) and Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 6 October 2021 or such other date as notified by us as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Share Registrar must be produced at the time of collection.

Applicants who apply for the Hong Kong Offer Shares through **CCASS EIPO** service should refer to “How to Apply for Hong Kong Offer Shares — 14. Despatch/collection of share certificates and refund monies” for details should refer to the section headed “How to apply for Hong Kong Offer Shares” in this prospectus for details.

If an applicant has applied for less than 1,000,000 Hong Kong Offer Shares, the Share certificate (if applicable) and/or refund cheque will be despatched by ordinary post (at the applicant’s own risk) to the address specified on the **electronic application instructions** to the **White Form eIPO** Service Provider.

- (8) Uncollected Share certificates and refund cheques will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in their **electronic application instructions**. Further information is set out in the section headed “How to apply for Hong Kong Offer Shares — 13. Refund of application monies” in this prospectus.
- (9) e-Refund payment instructions and refund cheques will be made/issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the initial Offer Price per Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque, if any.

Applicants who apply through **White Form eIPO** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Refund payment instructions. Applications who apply through **White Form eIPO** service and paid their application

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## EXPECTED TIMETABLE<sup>(1)</sup>

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monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

- (10) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or the Extreme Conditions in force in Hong Kong at any time between Thursday, 23 September 2021 to Thursday, 7 October 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) despatch of Share certificates and refund cheques/**White Form** e-Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

**The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, you should refer to the section headed “Structure of the Global Offering” in this prospectus.**



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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by Tam Jai International Co. Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisers or any other person or party involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you. You should read the whole prospectus before you decide to invest in our Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Shares are summarised in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in our Shares.*

### OVERVIEW

We are a leading and renowned restaurant chain operator of the TamJai (譚仔雲南米線) and SamGor (譚仔三哥米線) branded fast casual restaurant<sup>1</sup> chain in Hong Kong with operations also in Mainland China and Singapore, specialising in mixian (a type of rice noodle (米線), which is a well-established, gluten-free staple food with a long history in Asian food culture and typically made from non-glutinous rice without any additives). As at the Latest Practicable Date, we operated a total of 156 restaurants, comprising 76 TamJai restaurants and 74 SamGor restaurants covering all 18 districts across Hong Kong Island, Kowloon and New Territories, three TamJai restaurants in Shenzhen, Mainland China and three SamGor restaurants in Singapore. All of our restaurants are self-operated under two self-owned brands, TamJai and SamGor.



TamJai (譚仔雲南米線)



SamGor (譚仔三哥米線)

In order to manage our sizeable operations, we have established a highly standardised and scalable business model, which has proved to be resilient with a solid track record. We have also jointly developed different kinds of cooking equipment with third parties to further improve our operational excellence and efficiency. Our highly standardised business model can therefore be replicated in other new markets efficiently, systematically and successfully. During the Track Record Period, we had managed to sustain growth in terms of restaurant number and maintain our financial performance at a relatively stable level. From the beginning of the Track Record Period to the Latest Practicable Date, the number of our restaurants had grown by 45.8% from 107 to 156 restaurants. For the years ended 31 March 2019, 2020 and 2021, we recorded a revenue of HK\$1,556.2 million, HK\$1,691.2 million and HK\$1,794.7 million, respectively, representing a CAGR of 7.4% over the Track Record Period. During the same years, our profit for the year amounted to HK\$197.7 million, HK\$190.9 million and HK\$287.8 million, respectively, representing a CAGR of 20.7% over the Track Record Period.

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<sup>1</sup> According to Euromonitor, fast casual restaurants are dining establishments providing high quality food and services at competitive prices. Please refer to the section headed “Industry overview — Classification of the consumer food service industry” for details.

## SUMMARY

Building on our success in Hong Kong, we plan to continue with the expansion of our restaurant network in our existing markets and also new international markets. With the proceeds from the Global Offering, we expect to expand our restaurant network in Hong Kong, Mainland China, Singapore and enter into the Japan and Australia markets in the future, which our management believes will help us capture potential business opportunities and strengthen our market position.

The Listing of our Company will constitute a spin-off from Toridoll Japan and a separate listing of our Group's business on the Main Board of the Stock Exchange.

### SUMMARY OF OPERATING DATA

The following table sets forth certain key performance indicators of our restaurants for the years indicated:

	Year ended 31 March		
	2019	2020	2021
<b>Revenue (HK\$'000)</b>			
<i>By brand</i>			
TamJai	825,654	856,993	890,300
SamGor	730,519	834,186	904,393
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>
<i>By order type</i>			
Dine-in	1,234,864	1,225,784	903,994
Takeaway and delivery	321,309	465,395	890,699
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>
<i>By product type</i>			
Mixian and toppings	1,148,757	1,244,155	1,343,086
Snacks	261,279	283,299	298,335
Drinks	115,689	121,433	108,037
Others <sup>(Note 1)</sup>	30,448	42,292	45,235
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>
<b>Average daily revenue per restaurant (HK\$) <sup>(Note 2)</sup></b>			
<i>By brand</i>			
TamJai	44,848	42,173	37,537
SamGor	37,935	39,107	37,206
<b>Overall</b>	<b>41,314</b>	<b>40,603</b>	<b>37,369</b>
<i>By order type</i>			
Dine-in	32,784	29,429	18,823
Takeaway and delivery	8,530	11,173	18,546
<b>Overall</b>	<b>41,314</b>	<b>40,603</b>	<b>37,369</b>

## SUMMARY

	Year ended 31 March		
	2019	2020	2021
<b>Total number of customers served</b>			
<i>(thousands) (Note 3)</i>			
<i>By brand</i>			
TamJai	14,848	13,916	15,143
SamGor	14,220	15,021	15,591
Total	29,068	28,937	30,734
<i>By order type</i>			
Dine-in	22,841	21,248	15,604
Takeaway and delivery	6,227	7,689	15,130
Total	29,068	28,937	30,734
<b>Average daily number of customers served per restaurant</b>			
<i>(Note 4)</i>			
TamJai	807	685	638
SamGor	738	704	641
Overall	772	695	640
<b>Average spending per customer</b>			
<i>(HK\$) (Note 5)</i>			
TamJai	55.6	61.6	58.8
SamGor	51.4	55.5	58.0
Overall	53.5	58.4	58.4

*Notes:*

- (1) Includes breakfast items offered in certain of our restaurants.
- (2) Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.
- (3) We use the number of bowls of mixian sold as a proxy for the total number of customers served.
- (4) Calculated by dividing the total number of customers served by the total restaurant operation days. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (5) 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.

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## SUMMARY

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During the Track Record Period, both TamJai brand and SamGor brand experienced growth in revenue, which was mainly attributable to the expansion of our restaurant network despite the social movements in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020.

For the year ended 31 March 2020, our average daily revenue per restaurant for TamJai brand decreased, mainly driven by the decrease in customer traffic as a result of the social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020, partially offset by additional revenue from the increase in menu price during the year; while our average daily revenue per restaurant for SamGor brand increased, mainly attributable to the additional revenue from the increase in menu price during the year, partially offset by the impact of social movements and the outbreak of COVID-19. As compared to TamJai brand, SamGor brand was less affected by the social movements and achieved better performance for the year ended 31 March 2020, primarily because our SamGor restaurants were located further away from the core areas of the social movements.

For the year ended 31 March 2021, the average spending per customer of TamJai brand decreased slightly, which was primarily due to (i) the offering of value snacks/drinks and mixian combo for takeaway orders and snacks giveaway to our customers during the year, which had led to the decrease in snacks and drinks ordered at regular price during the same year; partially offset by (ii) the increase in delivery orders which the menu price at online delivery platform was generally higher than that at our physical restaurants; during the same year, the average spending per customer of SamGor brand increased, which was primarily due to the increase in delivery orders and the launch of time limit premium mixian options. The delivery of SamGor brand increased more prominently than TamJai brand, which we believe was primarily due to the marketing support and popularity of the delivery platform used by SamGor during the year.

Please see the section headed “Business — Our restaurants — Operating performance of our restaurants” in this prospectus for details.

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## SUMMARY

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The following table sets the details of our comparable restaurant *(Note)* revenue during the Track Record Period:

	Year ended 31 March			
	2019	2020	2020	2021
<b>Number of comparable restaurants</b>				
TamJai	47		46	
SamGor	44		44	
<b>Total</b>	91		90	
<b>Revenue from comparable restaurants (HK\$'000)</b>				
<i>By brand</i>				
TamJai	751,464	733,404	722,894	632,214
SamGor	588,131	623,623	622,086	586,991
<b>Total</b>	1,339,595	1,357,027	1,344,980	1,219,205
<i>By order type</i>				
Dine-in	1,081,430	995,528	988,109	623,490
Takeaway and delivery	258,165	361,499	356,871	595,715
<b>Total</b>	1,339,595	1,357,027	1,344,980	1,219,205
<b>Comparable restaurant revenue growth rate</b>				
TamJai		-2.4%		-12.5%
SamGor		+6.0%		-5.6%
Overall		+1.3%		-9.4%

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*Note:* We define comparable restaurants as restaurants in full operation throughout the periods under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the periods concerned.

Please see the section headed “Business — Our restaurants — Operating performance of our comparable restaurants” in this prospectus for details.

## SUMMARY

### MOVEMENT IN NUMBER OF RESTAURANTS

The table below sets forth the movement in the number of our restaurants by brand and by location during the Track Record Period and up to the Latest Practicable Date:

	Year ended 31 March 2019			Year ended 31 March 2020			Year ended 31 March 2021			From 1 April 2021 up to the Latest Practicable Date		As at the Latest Practicable Date	
	Year beginning	Opened (Note 1)	Closed	Year end	Opened (Note 1)	Closed	Year end	Opened (Note 1)	Closed	Year end	Opened (Note 1)	Closed	
<b>TamJai</b>													
Hong Kong	51	2	—	53	11	(2)	62	12	(2)	72	5	(1)	76
Mainland China	—	—	—	—	—	—	—	—	—	—	3	—	3
<b>Subtotal</b>	<b>51</b>	<b>2</b>	<b>—</b>	<b>53</b>	<b>11</b>	<b>(2)</b>	<b>62</b>	<b>12</b>	<b>(2)</b>	<b>72</b>	<b>8</b>	<b>(1)</b>	<b>79</b>
<b>SamGor</b>													
Hong Kong	56	1	(3)	54	12	(3)	63	10	(1)	72	2	—	74
Singapore	—	—	—	—	—	—	—	3	—	3	—	—	3
<b>Subtotal</b>	<b>56</b>	<b>1</b>	<b>(3)</b>	<b>54</b>	<b>12</b>	<b>(3)</b>	<b>63</b>	<b>13</b>	<b>(1)</b>	<b>75</b>	<b>2</b>	<b>—</b>	<b>77</b>
<b>Total</b>	<b>107</b>	<b>3</b>	<b>(3)</b>	<b>107</b>	<b>23</b>	<b>(5)</b>	<b>125</b>	<b>25</b>	<b>(3)</b>	<b>147</b>	<b>10</b>	<b>(1)</b>	<b>156</b>

*Note:*

- (1) Comprises restaurants which were opened as a result of relocation.



## SUMMARY

### SUMMARY OF FINANCIAL INFORMATION

#### Consolidated statements of profit or loss and other comprehensive income

The following table sets forth our consolidated statements of profit or loss during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus:

	Year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	1,556,173	1,691,179	1,794,693
Cost of food and beverages consumed	(374,990)	(385,267)	(411,464)
Other revenue	1,522	5,922	168,631
Other net gain/(loss)	161	(1,647)	(837)
Staff costs	(476,973)	(538,800)	(559,442)
Depreciation of owned property, plant and equipment	(40,610)	(46,192)	(66,482)
Depreciation of right-of-use assets, rental and related expenses	(282,111)	(318,978)	(359,907)
Utilities expenses	(39,411)	(42,057)	(36,135)
Consumables and packaging	(19,716)	(27,615)	(48,818)
Repairs and maintenance	(11,479)	(12,378)	(12,067)
Handling charges	(4,352)	(25,916)	(55,468)
Cleaning expenses	(8,280)	(11,362)	(14,147)
Listing expenses	—	—	(7,231)
Other expenses	(51,553)	(45,754)	(56,586)
Finance costs	(11,145)	(12,132)	(14,489)
<b>Profit before taxation</b>	237,236	229,003	320,251
Income tax expense	(39,527)	(38,107)	(32,459)
<b>Profit for the year</b>	<u>197,709</u>	<u>190,896</u>	<u>287,792</u>

Our utilities expenses decreased for the year ended 31 March 2021, primarily attributable to the decrease in electricity charges as we received electricity subsidies under the Electricity Charges Subsidy Scheme launched by the Hong Kong government. Our handling charges increased throughout the Track Record Period, primarily attributable to the increase in delivery orders amidst the outbreak of COVID-19.

## SUMMARY

Our profit for the year ended 31 March 2021 increased significantly as compared to the year ended 31 March 2020 mainly attributable to the one-off government subsidies and rent concessions in relation to the outbreak of COVID-19. Without taking into account such COVID-19 related government subsidies of HK\$154.5 million and rent concessions of HK\$15.6 million (which included HK\$11.7 million included in other revenue and HK\$3.9 million offset against turnover rents under rental and related expenses), we would have recorded a decrease in net profit for the year ended 31 March 2021 as compared to the year ended 31 March 2020, primarily attributable to (i) the decrease in our revenue per restaurant as a result of the decrease in customer traffic; (ii) the increase in consumables and packaging expenses primarily as a result of the increased takeaway and delivery orders; and (iii) the increase in depreciation expenses associated with the expansion of our restaurant network.

### Non-recurring items

For the year ended 31 March 2021 and the period from 1 April 2021 and up to the Latest Practicable Date, we received rent concessions from our landlords primarily due to the COVID-19 pandemic in the amount of HK\$15.6 million and HK\$4.0 million, respectively. During the years ended 31 March 2020 and 2021 and the period from 1 April 2021 and up to the Latest Practicable Date, we were granted subsidy from the anti-epidemic fund by the Hong Kong government in the amount of HK\$2.0 million, HK\$153.7 million and HK\$0.4 million, respectively; and subsidies in relation to the COVID-19 pandemic granted by the Singapore government amounting to nil, HK\$0.8 million and HK\$0.5 million, respectively. Such rent concessions and government subsidies were non-recurring in nature. For details, please refer to the sections headed “Business — The impact of the COVID-19 pandemic” and the “Financial information — Description of selected items in consolidated statements of profit or loss and other comprehensive income — Other revenue” in this prospectus.

### Key consolidated statements of financial position information

	<u>As at 31 March</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	594,979	716,801	851,563
Current assets	<u>364,421</u>	<u>375,171</u>	<u>553,419</u>
Total assets	<u>959,400</u>	<u>1,091,972</u>	<u>1,404,982</u>
Current liabilities	337,427	402,097	526,070
Non-current liabilities	<u>266,043</u>	<u>313,324</u>	<u>333,438</u>
Total liabilities	<u>603,470</u>	<u>715,421</u>	<u>859,508</u>
Net current assets/(liabilities)	26,994	(26,926)	27,349
Total equity	<u><u>355,930</u></u>	<u><u>376,551</u></u>	<u><u>545,474</u></u>

## SUMMARY

We recorded relatively low balances of net current assets of HK\$27.0 million and HK\$27.3 million as at 31 March 2019 and 2021, respectively, as well as net current liabilities of HK\$26.9 million as at 31 March 2020, which were principally attributable to the recognition of significant lease liabilities amounting to HK\$213.3 million, HK\$235.3 million and HK\$289.5 million as at 31 March 2019, 2020 and 2021, respectively, as part of our current liabilities in relation to the expansion of our restaurant network in accordance with HKFRS 16 *Leases*, under which all our future rent payments are recognised in the form of non-current assets (being the right-of-use assets) together with current and non-current financial liabilities (being lease liabilities).

### Key information from our consolidated cash flow statements

	Year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows before movement in changes in working capital	542,585	568,019	701,642
(Decrease)/increase in working capital	(25,900)	(26,427)	14,656
Income tax paid	(45,058)	(14,088)	(8,982)
Net cash generated from operating activities	471,627	527,504	707,316
Net cash used in investing activities	(10,622)	(91,123)	(120,540)
Net cash used in financing activities	(247,615)	(441,458)	(427,286)
<b>Net increase/(decrease) in cash and cash equivalents</b>	213,390	(5,077)	159,490
Cash and cash equivalents at the beginning of the year	93,048	306,438	301,361
<b>Cash and cash equivalents at the end of the year</b>	<b>306,438</b>	<b>301,361</b>	<b>460,851</b>

### Key financial ratios

	As at/ Year ended 31 March		
	2019	2020	2021
<b>Financial metrics</b>			
Net profit margin	12.7%	11.3%	16.0%
Return on assets	23.1%	18.6%	23.1%
Return on equity	76.9%	52.1%	62.4%
Current ratio	1.1	0.9	1.1
Quick ratio	1.1	0.9	1.0

For definitions and commentary on the fluctuations of our key financial ratios, please see the section headed “Financial information — Key financial ratios” in this prospectus.

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## SUMMARY

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### THE IMPACT OF THE COVID-19 PANDEMIC

#### Measures implemented by the government authorities to contain the COVID-19 pandemic

Since the outbreak of COVID-19 and up to the Latest Practicable Date, the Hong Kong government had been implementing various anti-pandemic measures in response to the various stages of the pandemic, which directly impacted the consumer food service industry, including, among others, (i) requiring tables to be separated by a certain distance and be installed with partitions; (ii) restricting the number of customers that can be served per table and the total number of customers to be served at one time; (iii) restricting the provision of dine-in services; (iv) requiring temperature screening of customers; (v) requiring provision of hand sanitiser; and (vi) requiring registration of customers via certain contact-tracing system or in writing.

During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant regulations and measures implemented by the government authorities in relation to the COVID-19 pandemic in all material respects, save for nine incidents as set out in the section headed “Business — The impact of the COVID-19 pandemic” in this prospectus.

#### Impact of the COVID-19 pandemic on our business and financial performance

As a result of the COVID-19 pandemic, we experienced a general reduction in customer traffic since early 2020, which had resulted in a decrease in the revenue of our comparable restaurants for the year ended 31 March 2021. Our dine-in services and our seating capacity have been and may continue to be affected by the anti-pandemic measures implemented by the government authorities. However, with our efforts in adjusting our operations to cater for the increasing volume of takeaway and delivery orders and giving promotional discounts to facilitate our takeaway and delivery sales, and given that we have an extensive restaurant network and our food is suitable for takeaway and delivery orders, the impact on our dine-in orders was to a large extent mitigated by the increase in our takeaway and delivery orders. For details of the performance of our comparable restaurants, please refer to the section headed “Business — Our restaurants — Operating performance of our comparable restaurants” in this prospectus.

We have sought to mitigate the impact of reduced customer traffic due to social distancing measures by shortening the opening hours of some of our restaurants and adjusting our manpower planning to cope with the shift from dine-in orders to takeaway and delivery orders. We have also sought to mitigate the impact of the pandemic by obtaining rent concession from our landlords. In addition, we have obtained subsidies from the anti-epidemic fund granted by the Hong Kong government and obtained subsidies in relation to the COVID-19 pandemic granted by the Singapore government. Such subsidies have become unconditional and irrevocable. For details, please refer to the section headed “Financial information — Description of selected items in consolidated statements of profit or loss and other comprehensive income — Other revenue” in this prospectus.

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## SUMMARY

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Notwithstanding the challenges due to the COVID-19 pandemic, our business has remained profitable. For the year ended 31 March 2021, taking into account the aforementioned government subsidies and the rent concession, we recorded net profit of HK\$287.8 million, which increased by 50.8% from HK\$190.9 million for the year ended 31 March 2020, and we recorded positive operating cash flows of approximately HK\$707.3 million, which increased by approximately 34.1% from HK\$527.5 million for the year ended 31 March 2020. Our net profit for the year ended 31 March 2021 resulting from our normal course of business without taking into account the non-recurring government subsidies received in relation to the COVID-19 pandemic of HK\$154.5 million and rent concession (which included HK\$11.7 million included in other revenue and HK\$3.9 million offset against turnover rents under rental and related expenses) would have been lower than that for the year ended 31 March 2020.

Our recent performance indicates that the demand for our food and service has been recovering. Based on our unaudited management accounts for the four months ended 31 July 2021, (i) our revenue increased by 38.6% from that for the four months ended 31 July 2020, reaching 135.3% of that for the four months ended 31 July 2019; (ii) our average daily revenue per restaurant increased by 15.6% from that for the four months ended 31 July 2020, reaching 98.9% of that for the four months ended 31 July 2019; (iii) our total number of customers served increased by 34.8% from that for the four months ended 31 July 2020, reaching 129.2% of that for the four months ended 31 July 2019; (iv) our average daily number of customers served per restaurant increased by 12.5% from that for the four months ended 31 July 2020, reaching 94.5% of that for the four months ended 31 July 2019; and (v) our average number of bowls served per seat per day increased by 12.4% from that for the four months ended 31 July 2020, reaching 95.5% of that for the four months ended 31 July 2019. Based on the above, our Directors are of the view that our performance has recovered to substantially the same level as or better than the level before the social movement in the second half of 2019 and the outbreak of the COVID-19 in early 2020.

During the period from July 2020 to June 2021, we temporarily suspended dine-in, takeaway and/or delivery service of a total of 54 restaurants for approximately five days on average for sterilisation and/or quarantine primarily because our employees, their close contacts or certain customers were infected with COVID-19. As at the Latest Practicable Date, all of the affected restaurants had resumed normal operation.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage, delay or interruption in relation to the supply of food ingredients or other raw materials from our suppliers that materially and adversely affected our operation and financial condition.

For further details, please refer to the section headed “Business — The impact of the COVID-19 pandemic” in this prospectus.

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## SUMMARY

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### OUR BRANDS

With over 24 and 12 years of history respectively, our TamJai and SamGor brands have successfully established a strong reputation in Hong Kong's food culture for providing quality and tasty mixian. Inspired by Southwestern Chinese cuisine, our mixian offers a "mix and match" culinary experience with a wide variety of toppings, soup bases as well as 10 levels of spiciness which has become a well-known measurement of spiciness in Hong Kong's food culture. Our signature soup bases, such as Mala (hot and numbing) soup (麻辣湯底), Wula (charred pepper and spices) soup (糊辣湯底), and our signature dishes, such as Tufei Chicken Wings (土匪雞翼), have become customer favourites. With many toppings, soup bases, spicy levels, snacks and drinks to choose from and customise to individual tastes, there are countless possible mix and match combinations that give our customers different experiences when they try different combinations and attract them to visit our restaurants on a regular basis. According to the Euromonitor Survey, TamJai and SamGor have the strongest brand recognition among major Asian noodle specialty restaurants in Hong Kong. We believe that our TamJai and SamGor mixian have become a popular new generation comfort food in Hong Kong's food culture after years of development, dedication and fine-tuning.

TamJai was founded by the TamJai Founding Shareholders back in 1996. Since the opening of the first TamJai restaurant, TamJai had quickly gained popularity among the public in Hong Kong. In 2008, with their own business philosophy, the SamGor Founding Shareholders founded SamGor as a separate restaurant brand which offered similar menu offerings but different soup bases. Since then, TamJai and SamGor had developed separately and each of them had established their own brand image. In 2018, seeing the great potential for growth of TamJai and SamGor along with the food and beverage industry in Hong Kong and the immense potential of TamJai and SamGor in the international food and beverage scene, Toridoll HK acquired the two groups of companies engaging in the operation of the restaurant chain under the TamJai and SamGor brands. After years of development, each brand has become a distinctive and well-recognised brand with its own followers but there is generally no material difference between the two brands in terms of market positioning, key menu offerings and customer base. For example, each of TamJai and SamGor has its own loyal followers who prefer it over the other brand for reasons such as soup bases, food ingredients, spices, brand image, restaurant setting and customer service. As such, we believe that maintaining the two brands will allow us to capitalise on the strong brand recognition of each brand and achieve a higher market share than we would have achieved if we had merged the two brands or discontinued the operation of either brand.

The target customers of TamJai and SamGor include all walks of life with a focus on teenagers and young to middle-aged adults. Both TamJai and Samgor are positioned as fast casual restaurants aimed at providing quality food and quick services at competitive prices. We carefully select different ingredients and spices in preparing the soup bases of TamJai and SamGor so as to create different tastes for the two brands. Each brand has its own exclusive featured combinations of mixian and toppings, soup bases, snacks and special drinks. Further, the restaurants under the two brands are designed differently. Each brand has adopted a distinct colour scheme for its restaurant setting and environment and has built up its own brand image. For further details, please refer to the section headed "Business — Our restaurants — Our brands" in this prospectus.

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## SUMMARY

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### OUR MARKET RANKING AND AWARDS

According to Euromonitor, we have achieved market share growth as compared to 2019 and maintained a competitive market position as follows:

<u>Market segment in Hong Kong</u>	<u>2019</u>			<u>2020</u>		
	<u>Ranking</u>	<u>Market share</u>	<u>Market segment size in sale value (HK\$ billion)</u>	<u>Ranking</u>	<u>Market share</u>	<u>Market segment size in sale value (HK\$ billion)</u>
Asian noodle specialty restaurants	No. 1	58.5%	2.9	No. 1	64.4%	2.6
Fast casual restaurants	No. 2	6.6%	25.5	No. 2	10.0%	17.7
Casual restaurants	No. 5	2.5%	68.0	No. 3	4.0%	41.6

*Note:* According to Euromonitor, Asian noodle specialty restaurants are a cuisine-based specialised sub-segment and can therefore operate under various sub-categories of consumer food service industry. In Hong Kong, Asian noodle specialty restaurants are typically a sub-segment of fast casual restaurants, while fast casual restaurants are a sub-segment of casual restaurants.

The food and service quality of our TamJai and SamGor restaurants have earned us numerous awards, such as the Hong Kong Star Brand Award — Enterprise Award from the Hong Kong Small and Medium Enterprises Association for five consecutive years (2015–2019), Deliveroo’s Most Popular Dishes — No. 7 around the world (2019) as recognised by Deliveroo, Deliveroo’s Most Ordered Food Deliveries — No. 1 in Hong Kong (2019) as recognised by Time Out Hong Kong and Service & Courtesy Award — Top 10 Outstanding Service Retail Brand from Hong Kong Retail Management Association (2019). From 2011 to 2013, one of our SamGor restaurants was also recognised as a Bib Gourmand in Michelin Guide Hong Kong and Macau.

### OUR SUPPLIERS AND CUSTOMERS

Our suppliers mainly consist of food ingredients suppliers. We have established one to six years of business relationship with our five largest suppliers during the Track Record Period. For the years ended 31 March 2019, 2020 and 2021, purchases attributable to our largest supplier accounted for 21.8%, 18.3% and 18.0% of our total purchases, respectively, while purchases attributable to our five largest suppliers in aggregate accounted for 46.5%, 44.1% and 44.2% of our total purchases, respectively.

During the Track Record Period, our customers were primarily retail customers from the general public. Our Directors consider that it is not practicable to identify our five largest customers during the Track Record Period due to the diverse nature of our customer base.

Please see the sections headed “Business — Procurement — Our suppliers” and “Business — Our customers” in this prospectus for details.

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## SUMMARY

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### OUR PROPERTIES

As at the Latest Practicable Date, we did not own any properties and all of the properties for our restaurants, central kitchens, warehouses and offices were leased or licensed to us. The lease terms of our restaurants as at the Latest Practicable Date ranged from approximately one year to six years, with the average being approximately three years. As at the Latest Practicable Date, 22 leases of our restaurants had expired or will expire in the next six months, of which three had been renewed. Our depreciation of right-of-use assets, rental and related expenses and interest on lease liabilities in aggregate (the “**leased properties expenses**”) amounted to HK\$293.3 million, HK\$331.1 million and HK\$374.4 million, representing 18.8%, 19.6% and 20.9% of our total revenue for the years ended 31 March 2019, 2020 and 2021, respectively. For details, please refer to the section headed “Business — Properties” in this prospectus.

### OUR COMPETITIVE STRENGTHS

We believe we possess the following competitive strengths:

- We have a leading market position in Hong Kong with extensive restaurant network.
- We pride ourselves as a pioneer in the mixian market in Hong Kong with strong brand recognition.
- Our mixian is considered as a popular new generation comfort food.
- We have a highly standardised and scalable business model which facilitates future growth.
- We have a resilient business model with solid track record amidst challenging times.
- We have implemented stringent food safety and quality control measures.
- We have an experienced management team with extensive industry knowledge.

Please see the section headed “Business — Our competitive strengths” in this prospectus for details.

### OUR BUSINESS STRATEGIES

We intend to implement the following business strategies:

- Expansion of our restaurant network.
- Expanding our central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia.
- Refurbishment of our restaurants and enhancing our restaurants’ operating equipment.
- Enhancing our customer experience and operational efficiency through digitalisation.
- International brand building and new market entry promotion.
- Continue to make efforts in branding and marketing.



## SUMMARY

- Implementing measures to drive same restaurant revenue growth.

Please see the section headed “Business — Our business strategies” in this prospectus for details.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$3.75 per Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option has not been exercised, we estimate that the net proceeds from the Global Offering, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK\$1,177.6 million. We intend to apply such net proceeds in the following manner:

- (i) approximately HK\$675.5 million, representing approximately 57.4% of the net proceeds, will be used for expansion of our restaurant network, of which approximately HK\$105.4 million, HK\$254.5 million and HK\$315.6 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively. The following table sets forth details of our plan to expand our restaurant network:

Location	Brand	Number of restaurants expected to be opened by 31 March			Estimated average initial costs for opening a new restaurant	Estimated average rental deposits for opening a new restaurant	Estimated total costs (including initial costs and rental deposits) for opening the new restaurants
		2022	2023	2024			
Hong Kong (Hong Kong Island, Kowloon and New Territories)	TamJai and SamGor (in approximately equal portion)	14	14	10	3.1	0.7	144.4
Mainland China (Guangdong Province)	TamJai	8	26	37	3.0	0.4	241.4
Singapore (Central Region, North Region, North-east Region, East Region and West Region)	SamGor	4	11	9	2.9	0.4	79.2
Japan (Tokyo)	SamGor	2	8	15	4.5	1.4	147.5
Australia (Melbourne and Sydney)	SamGor	—	7	8	3.6	0.6	63.0
Total		<u>28</u>	<u>66</u>	<u>79</u>			<u>675.5</u>

For details, please refer to the section headed “Business — Our business strategies — Expansion of our restaurant network” in this prospectus;

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## SUMMARY

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- (ii) approximately HK\$111.7 million, representing approximately 9.4% of the net proceeds, will be used for expanding our central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia, of which approximately HK\$21.7 million and HK\$90.0 million will be used in the years ending 31 March 2022 and 2023, respectively;
- (iii) approximately HK\$123.8 million, representing approximately 10.5% of the net proceeds, will be used for refurbishment of our restaurants and enhancing our operating equipment, of which approximately HK\$56.3 million, HK\$32.4 million and HK\$35.1 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively;
- (iv) approximately HK\$60.2 million, representing approximately 5.1% of the net proceeds, will be used for implementing a CRM system, a voice ordering system, an ERP system and upgrading our information and technology infrastructure, of which approximately HK\$35.2 million, HK\$16.0 million and HK\$9.0 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively;
- (v) approximately HK\$91.3 million, representing approximately 7.8% of the net proceeds, will be used for international brand building and new market entry promotion, of which approximately HK\$49.5 million, HK\$21.9 million and HK\$19.9 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively; and
- (vi) approximately HK\$115.1 million, representing approximately 9.8% of the net proceeds, will be used for general corporate purposes and working capital.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholder pursuant to the exercise of the Over-allotment Option.

Please see the section headed “Future plans and use of proceeds” in this prospectus for details.

### LISTING EXPENSES

The underwriting commission, incentive fee, SFC transaction levies and Stock Exchange trading fees shall be shared by us and the Selling Shareholder (where applicable) on a pro rata basis, and we shall be solely responsible for other listing expenses. The total estimated listing expenses in connection with the Global Offering to be borne by us, including underwriting commission and incentive fee (assuming full payment) for all the Offer Shares, is approximately HK\$78.7 million (based on the mid-point of the Offer Price of HK\$3.75 per Offer Share and assuming the Over-allotment Option will not be exercised), representing approximately 6.3% of the gross proceeds from the Global Offering (based on an Offer Price of HK\$3.75, being the mid point of the indicative Offer Price range and before the exercise of the Over-allotment Option), of which (i) HK\$7.2 million had been charged to our consolidated statements of profit or loss and other comprehensive income for the year ended 31 March 2021; (ii) HK\$19.6 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2022; and (iii) HK\$51.9 million is expected to be accounted for as a deduction from equity upon the Listing. Our Directors would like to emphasise that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing will be subject to adjustment based on the then changes in variables and assumptions.

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## SUMMARY

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### SHAREHOLDERS INFORMATION

Immediately upon completion of the Global Offering and without taking into account any Shares which may be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme and assuming the Over-allotment Option is not exercised, Toridoll HK which is wholly owned by Toridoll Japan, will directly hold approximately 74.63% of the issued share capital of our Company. As at the Latest Practicable Date, Mr. Awata (in his personal capacity and via T&T and SMBC Bank), together with his spouse, Mrs. Awata (via T&T and SMBC Bank), controlled approximately 48.57% of the issued share capital of Toridoll Japan. T&T is a company established in Japan and controlled as to 40% by Mr. Awata and 40% by Mrs. Awata. SMBC Bank is the entrusted bank which holds shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T. Accordingly, each of Toridoll HK, Toridoll Japan, Mr. Awata, Mrs. Awata and T&T will be regarded as our Controlling Shareholders within the meaning of the Listing Rules upon Listing.

Given that the Over-allotment Option is expected to be granted by the Selling Shareholder to the International Underwriters such that it may be required to sell up to 50,251,000 Sale Shares if the Over-allotment Option is exercised in full, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, there shall be no change in the issued share capital of our Company upon exercise of the Over-allotment Option.

Please see the section headed “Relationship with our Controlling Shareholders” in this prospectus for details.

### STATISTICS OF THE GLOBAL OFFERING

We are applying for listing on the Main Board on the basis that we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended 31 March 2021, being approximately HK\$1,794.7 million, is over HK\$500 million, and (ii) our expected market capitalisation at the time of Listing, based on the low end of the indicative Offer Price range, exceeds HK\$4,000 million.

	<u>Based on an Offer Price of HK\$3.33</u>	<u>Based on an Offer Price of HK\$4.17</u>
Market capitalisation of our Shares <sup>(1)</sup>	HK\$4,462.3 million	HK\$5,587.9 million
Unaudited pro forma adjusted consolidated net tangible assets per Share <sup>(2)(3)</sup>	HK\$1.19	HK\$1.40

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*Notes:*

- (1) The calculation of market capitalisation is based on 1,340,032,000 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity shareholders of our Company per Share is arrived on the basis that 1,335,008,000 Shares in issue, assuming that 1,000,000,000 Shares in issue and outstanding immediately before our completion of the Global Offering and 335,008,000 Shares to be issued pursuant to the Global Offering had been completed on 31 March 2021 (excluding 5,024,000 Shares held on trust under the Share Award Scheme), but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Pre-IPO and Post-IPO Share Option Schemes, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to allot and issue or repurchase Shares.

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## SUMMARY

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- (3) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 March 2021 to reflect any trading results or other transactions of our Group entered into subsequent to 31 March 2021, including but not limited to the dividend of HK\$280,000,000 paid in July 2021 to Toridoll HK. Had such dividend been paid on 31 March 2021, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity shareholders of our Company as of 31 March 2021 would have been decreased by HK\$280,000,000 and our unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity shareholders of our Company per Share would have been decreased by approximately HK\$0.21.

### **SATISFACTION OF MARKET CAPITALISATION/REVENUE TEST AND WAIVER UNDER RULE 8.05A OF THE LISTING RULES**

We are applying for listing on the Main Board on the basis that we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules. The majority of our executive Directors joined our Group after 1 April 2018 following the acquisition of our Group by Toridoll HK and accordingly, our Group is not able to satisfy the management continuity requirement under Rule 8.05(3)(b) of the Listing Rules, but we have complied with Rules 8.05A(1) and (2) of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.05(3)(b) of the Listing Rules. Please see the section headed “Waivers from strict compliance with the Listing Rules” in this prospectus for details.

### **IMPACT OF THE ACQUISITION ON OUR GROUP BY TORIDOLL HK**

In January 2018, Toridoll HK completed the acquisition of the group of companies engaged in the operation of the restaurant chain under our TamJai and SamGor brands, respectively, for an aggregate consideration of approximately HK\$1.9 billion (the “**Acquisition**”). Upon completion of the Acquisition, our Group became wholly owned by Toridoll HK while the TamJai Former Shareholders and the SamGor Founding Shareholders, both Independent Third Parties, ceased to have any interest in our Group.

Subsequent to the Acquisition, we have undergone an internal restructuring to streamline our corporate structure and internal workflow procedures, and centralise the management of both brands under our Board, chief executive officer and chief financial officer. We have established group-level departments (e.g. procurement, quality assurance, human resources and administration) which manage the relevant functions of both brands.

Prior to the Acquisition, we operated two central kitchens in Hong Kong, which separately supported our TamJai and SamGor restaurants. In 2020, we integrated these two central kitchens into a new central kitchen to enhance standardisation and management efficiency. We have adopted a centralised procurement policy under which our procurement department is responsible for purchasing the food ingredients for all of our TamJai and SamGor restaurants and central kitchens. We have implemented various standardised procedures (e.g. food processing, restaurant management, customer service, cleaning, staff training and quality control) to ensure consistency in the quality of our food and service and enhance operational and management efficiency.

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## SUMMARY

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Since 1 April 2019 and up to the Latest Practicable Date, we had engaged Toridoll HK for the provision of business consulting services, including (i) provision of assistance in the development of the strategies for the business of our Group, which will be in line with the overall business strategy of Toridoll Japan; (ii) provision of statistical information on market trends or competitive analysis and sharing insights to each geographic region of the business of our Group; and (iii) provision of expertise and knowledge sharing on improving frontline store operations and providing advice on the development of guidelines for the operations of the business of our Group. We have benefited from the know-how and expertise of Toridoll HK in restaurant operation through their provision of such services, which have assisted us in developing our business strategies and have facilitated our expansion during the Track Record Period.

The Acquisition has not resulted in any material adverse financial impact on our Group.

### CONNECTED TRANSACTIONS

Since the completion of the Acquisition, our Group's business and management have been enhanced and streamlined over the years. As our Controlling Shareholders are experienced in the operation of restaurant chains globally, we will continue to seek advice and support from them in further developing our operations. We have entered into certain continuing connected transactions with our Controlling Shareholders, including business consulting services provided by Toridoll HK to our Company and operations support services provided by Toridoll Japan to our Company in relation to our upcoming operations in Japan. Please see the section headed "Connected transactions" in this prospectus for details.

### RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

For the period from 1 April 2021 and up to the Latest Practicable Date, we opened five TamJai restaurants in Hong Kong, two SamGor restaurants in Hong Kong and three TamJai restaurants in Shenzhen, Mainland China. During the same period, we closed one TamJai restaurant in Hong Kong. As at the Latest Practicable Date, we had a total of 156 restaurants, all of which were self-operated. For the four months ended 31 July 2021, our TamJai restaurants in Shenzhen as a whole recorded operating profits.

Based on our unaudited management accounts, our revenue for the four months ended 31 July 2021 increased as compared with the same period in the previous year. The growth in our revenue was attributable to the continuous expansion of our restaurant network and the improvement in the performance of our restaurants.

For the year ended 31 March 2021, we had a net profit of HK\$287.8 million, contributed partly by the one-off government subsidies and rent concessions in relation to COVID-19 amounting to HK\$170.1 million received during the year. Our forecast net profit for the year ending 31 March 2022 compared to that for the year ended 31 March 2021 is expected to decrease significantly due to the expected decrease in government subsidies and rent concessions in relation to COVID-19.

Save for the estimated non-recurring listing expenses as disclosed in the section headed "Financial information — Listing expenses" in this prospectus, and the absence of one-off government subsidies and rent concession, our Directors have confirmed that up to the date of this prospectus, (i) there has been no material adverse change in our financial and trading position since 31 March 2021 (being the end of the reporting period in the Accountants' Report), that would materially and adversely affect the information shown in our Accountants' Report in Appendix I to this prospectus.

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## SUMMARY

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### DIVIDENDS

For the years ended 31 March 2019, 2020 and 2021, our Company declared and distributed dividends to our Shareholders of HK\$75.0 million, HK\$170.0 million and HK\$120.0 million, respectively, which have been fully settled by cash and were financed by our Company's internal resources. In July 2021, our Company declared and distributed an interim dividend of HK\$280.0 million to Toridoll HK, which was settled by cash in July 2021, and HK\$0.6 million to the Employee Trust, which was settled in August 2021, both of which were financed by our Company's internal resources. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements and economic outlook. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Ordinance, including the approval of our Shareholders. We currently aim to pay a total dividend in respect of each financial year of not less than 30% of our profit attributable to our owners. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

### RISK FACTORS

Our business is subject to a number of risks and there are risks relating to an investment in the Offer Shares. We believe that the following are some of the major risks that may have a material adverse effect on us:

- We are susceptible to outbreak, epidemic and/or pandemic of infectious or contagious diseases, diseases of animals, food-borne illnesses as well as negative publicity relating to such incidents.
- Our business is dependent on the macroeconomic conditions of the markets in which we operate and any reductions in discretionary consumer spending as a result of economic downturn may adversely affect our business.
- Our expansion plan may lead to increased risks and uncertainties which may materially and adversely affect our business, financial condition and results of operations.
- The new markets which we have recently expanded into or plan to expand into are different from the Hong Kong market and our expansion into these new markets presents risks and uncertainties.
- Opening new restaurants in existing markets may negatively affect sales at our existing restaurants.
- Our success depends on the popularity of our brands, and any damage to our brands, whether in our existing markets or new markets, could materially and adversely affect our business and results of operation.

You should read the entire "Risk factors" section in this prospectus carefully.

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### COMPLIANCE

During the Track Record Period, we did not file the notifications of establishment of a notifiable workplace with the Labour Department in respect of certain of restaurants (consisting of both restaurants that had ceased operation and were still in operation) within the prescribed time limit, in breach of section 9 of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong). As at the Latest Practicable Date, we had rectified the non-compliance incidents by filing the relevant notifications with the Labour Department in respect of all the relevant restaurants except for those that had ceased operation and we had complied with the applicable laws and regulations in the jurisdictions in which we operate in all material respects.

Please see the section headed “Business — Compliance” in this prospectus for details.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in “Glossary” in this prospectus.*

“Accountants’ Report”	the accountants’ report from our reporting accountants, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 14 September 2021 which came into effect from the date of the Hong Kong Underwriting Agreement, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in “Summary of the Articles of Association” in Appendix III to this prospectus
“Asia Marvel”	Asia Marvel Limited (港明有限公司), a company incorporated in Hong Kong with limited liability on 29 April 2016 and ceased to exist as an entity after being amalgamated with Best New on 1 June 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Best New”	Best New Management Limited (新佳管理有限公司), a company incorporated in Hong Kong with limited liability on 19 July 2013 and ceased to exist as an entity after being amalgamated with our Company on 30 September 2019
“Blessing Keen”	Blessing Keen Investing Limited, a company incorporated in the BVI with limited liability on 23 March 2021 and a direct wholly-owned subsidiary of the Trustee
“Board” or “Board of Directors”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“C S Catering”	C S Catering Limited (進新飲食有限公司), a company incorporated in Hong Kong with limited liability on 31 March 2010 and ceased to exist as an entity after being amalgamated with Vennic on 1 April 2019
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant



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## DEFINITIONS

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“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give <b>electronic application instructions</b> via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or (ii) if you are an existing CCASS Investor Participant, giving <b>electronic application instructions</b> through the CCASS Internet System ( <a href="https://ip.ccass.com">https://ip.ccass.com</a> ) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input <b>electronic application instructions</b> for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Tam Jai International Co. Limited (譚仔國際有限公司) (formerly known as Jointed-Heart Catering Holdings Limited (同心飲食控股有限公司)), a company incorporated in Hong Kong with limited liability on 5 May 2015
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Toridoll Japan, Toridoll HK, Mr. Awata, Mrs. Awata and T&T, and a Controlling Shareholder shall mean any one of them

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## DEFINITIONS

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“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
“CT Catering”	CT Catering Limited (進達飲食有限公司), a company incorporated in Hong Kong with limited liability on 14 October 2009 and ceased to exist as an entity after being amalgamated with Vennic on 1 April 2019
“Deed of Indemnity”	the deed of indemnity dated 16 September 2021 and executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in “Statutory and general information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 16 September 2021 and executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed “Relationship with our Controlling Shareholders — Deed of Non-Competition” in this prospectus
“Director(s)”	the director(s) of our Company
“Employee Trust”	Tamjai International Employee Trust, being an employee trust established by our Company as the settlor with the Trustee as the trustee for the purpose of recognising and rewarding the contribution and performance of certain employees of our Group
“Euromonitor”	Euromonitor International Limited, our industry consultant and an Independent Third Party
“Euromonitor Report”	the market research report provided by Euromonitor, which was commissioned by our Group in relation to, among other things, the overview of the industries in which our Group operates or intends to operate
“Euromonitor Survey”	the survey conducted by Euromonitor in December 2020, which was commissioned by our Group to provide, among other things, key findings on “Consumer preference of casual dining in Hong Kong”
“Everbright Catering”	Everbright Catering Limited (正輝飲食有限公司), a company incorporated in Hong Kong with limited liability on 27 September 2010 and ceased to exist as an entity after being amalgamated with Vennic on 1 April 2019
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Global Offering”	the Hong Kong Public Offering and the International Offering

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“GREEN Application Form(s)”	the application form(s) to be completed by the <b>White Form eIPO</b> Service Provider
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or the predecessors (as the case may be)
“GTJA Capital” or “Sole Sponsor”	Guotai Junan Capital Limited, a licensed corporation under the SFO permitted to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the sole sponsor to the Listing
“GTJA Securities”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the SFO, being one of the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers of the Global Offering
“HKS” or “HK dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 33,501,000 Offer Shares initially being offered by our Company for subscription under the Hong Kong Public Offering, subject to any reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares by our Company for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on and subject to the terms and conditions set out in this prospectus, as further described in the section headed “Structure of the Global Offering — Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriter(s)”	the underwriter(s) of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus

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“Hong Kong Underwriting Agreement”	the underwriting agreement dated 21 September 2021 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, our executive Directors and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Independent Third Party(ies)”	individual(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company and our connected persons
“International Offer Shares”	the 301,507,000 Offer Shares initially being offered by our Company for subscription at the Offer Price under the International Offering, together with, where relevant, any Sale Shares which may be sold by the Selling Shareholder pursuant to the exercise of the Over-allotment Option, subject to any reallocation as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the offer of the International Offer Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriter(s)”	the underwriter(s) of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into by, among others, our Company, our Controlling Shareholders, our executive Directors, the Selling Shareholder and the International Underwriters on or around the Price Determination Date, as further described in the section headed “Underwriting” in this prospectus
“JPY”	Japanese yen, the lawful currency of Japan
“Joint Bookrunners”	Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Daiwa Capital Markets Hong Kong Limited, China Tonghai Securities Limited and ABCI Capital Limited
“Joint Global Coordinators”	Guotai Junan Securities (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited
“Joint Lead Managers”	Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Daiwa Capital Markets Hong Kong Limited, China Tonghai Securities Limited and ABCI Securities Company Limited

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“Jointed-Heart”	Jointed-Heart Limited (同心飲食有限公司), a company incorporated in Hong Kong with limited liability on 25 March 2003 and a direct wholly-owned subsidiary of our Company
“Latest Practicable Date”	13 September 2021, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
“Legal Counsel”	Mr. Foster H.C. Yim, barrister-at-law
“Listing”	the listing of our Shares on the Main Board
“Listing Date”	the date on which dealings in our Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Awata”	Mr. Awata Takaya (粟田貴也), the spouse of Mrs. Awata and one of our Controlling Shareholders
“Mrs. Awata”	Mrs. Awata Toshimi (粟田利美), the spouse of Mr. Awata and one of our Controlling Shareholders
“Muswell International”	Muswell International Limited, a company incorporated in the BVI with limited liability on 1 July 2014 and indirectly wholly owned by the TamJai Former Shareholders and an Independent Third Party
“New Huge”	New Huge Corporation Limited (新揚行有限公司), a company incorporated in Hong Kong with limited liability on 5 January 2015 and ceased to exist as an entity after being amalgamated with our Company on 1 April 2020
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for pursuant to the Global Offering and to be determined in the manner described in the section headed “Structure of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any Sale Shares which may be sold by the Selling Shareholder pursuant to the exercise of the Over-allotment Option

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“Over-allotment Option”	the option expected to be granted by the Selling Shareholder to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) under the International Underwriting Agreement, pursuant to which the Selling Shareholder may be required to sell up to 50,251,000 Sale Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, to cover over-allocations in the International Offering, if any, as described in the section headed “Structure of the Global Offering” in this prospectus
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme conditionally approved and adopted by our Company on 25 March 2021, the principal terms and conditions of which are set out in “Statutory and general information — D. Share Incentive Schemes — 2. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus
“PRC”, “Mainland China” or “China”	the People’s Republic of China which, for the purpose of this prospectus (unless otherwise indicated), excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Predecessor Companies Ordinance”	the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Agreement”	the agreement to be entered into between our Company, the Selling Shareholder and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to determine and record the final Offer Price
“Price Determination Date”	the date, expected to be on or around Tuesday, 28 September 2021 but in any event no later than Wednesday, 6 October 2021, on which the final Offer Price is determined by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) for the purpose of the Global Offering
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally approved and adopted by our Company on 25 March 2021, the principal terms and conditions of which are set out in “Statutory and general information — D. Share Incentive Schemes — 3. Post-IPO Share Option Scheme” in Appendix IV to this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act, as amended, supplemented or otherwise modified from time to time
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“S\$” or “SGD”	Singapore dollar, the lawful currency of Singapore

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## DEFINITIONS

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“Sale Shares”	to the extent the Over-allotment Option is exercised, up to an aggregate of 50,251,000 existing Shares to be offered for sale by the Selling Shareholder
“SamGor”	TamJai SamGor Mixian (譚仔三哥米線), one of our restaurant brands, which specialises in mixian
“Samgor Founding Shareholders”	Mr. Tam Chak Kwan (譚澤群), Mr. Tam Chak Keung (譚澤強), Ms. Lau Suk Yee, Carmen (劉淑儀) and Ms. Chan Suk Yee (陳淑儀), each an Independent Third Party
“Selling Shareholder”	Toridoll HK
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of our Company, which are to be traded in Hong Kong dollars and listed on the Main Board
“Share Award Scheme”	the share award scheme adopted by our Company on 25 March 2021, the principal terms and conditions of which are set out in “Statutory and general information — D. Share Incentive Schemes — 1. Share Award Scheme” in Appendix IV to this prospectus
“Share Option Schemes”	the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“SMBC Bank”	SMBC Trust Bank Ltd., the entrusted bank which holds certain shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T
“Stabilising Manager”	GTJA Securities
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Toridoll HK on or about the Price Determination Date, pursuant to which the Stabilising Manager may borrow up to 50,251,000 Shares to cover over-allocations in the International Offering, if any
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Strengthen Power”	Strengthen Power Catering Limited (協力飲食有限公司), a company incorporated in Hong Kong with limited liability on 24 December 2003 and ceased to exist as an entity after being amalgamated with our Company on 1 April 2019
“Strengthen Power Former Shareholders”	Mr. Tam Chak Keung (譚澤強), Mr. Tam Chuk Kwan (譚澤均), Mr. Tam Chak Kwan (譚澤群) and Partner Capital Limited (伯樂資產有限公司), a company incorporated in Hong Kong with limited liability and then owned as to 90% by Ms. Tam Yim Ping, Winnie (譚艷萍) and 10% by Mr. Chow Chi Ming (周志明) before the completion of the acquisition our Group, each an Independent Third Party
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Success Summit”	Success Summit Limited (衡鋒有限公司), a company incorporated in Hong Kong with limited liability on 19 July 2013 and ceased to exist as an entity after being amalgamated with Vennic on 1 April 2019
“T&T”	T&T Inc. (有限会社ティーアンドティー), a company established in Japan with limited liability on 25 April 2002 and controlled by Mr. Awata and Mrs. Awata, being one of our Controlling Shareholders
“Takeovers Codes”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tam’s F&B”	Tam’s F&B Development Limited (譚仔飲食發展有限公司), a company incorporated in Hong Kong with limited liability on 10 September 2008 and ceased to exist as an entity after being amalgamated with Vennic on 1 April 2019
“TamJai”	TamJai Yunnan Mixian (譚仔雲南米線), one of our restaurant brands, which specialises in mixian
“TamJai Former Shareholders”	Mr. Tam Chuk Kwan (譚澤均) and Ms. Tam Yim Ping, Winnie (譚艷萍), each an Independent Third Party
“TamJai Founding Shareholders”	Mr. Tam Chak Kwan (譚澤群), Mr. Tam Chak Keung (譚澤強) and Mr. Chow Chi Ming (周志明), each an Independent Third Party
“TSML”	Tamjai Samgor Mixian Limited (譚仔三哥米線有限公司), a company incorporated in Hong Kong with limited liability on 25 March 2014 and ceased to exist as an entity after being amalgamated with Best New on 1 June 2019



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## DEFINITIONS

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“TamJai Yunnan”	Tamjai Samgor Yunnan Mixian Limited* (譚仔三哥雲南米線有限公司), a company incorporated in Hong Kong with limited liability on 12 June 2009 and ceased to exist as an entity after being amalgamated with Best New on 1 June 2019
“Tamlaboration”	Tamlaboration Limited (譚仔協力有限公司), a company incorporated in Hong Kong with limited liability on 14 February 2020 and a direct wholly-owned subsidiary of our Company
“Tanwell”	Tanwell (Hong Kong) Limited (德昇(香港)有限公司), a company incorporated in Hong Kong with limited liability on 18 January 2008 and ceased to exist as an entity after being amalgamated with Best New on 1 August 2019
“TJ Japan”	Tam Jai Japan Inc. (株式会社譚仔日本), a company established in Japan with limited liability on 27 July 2021 and a direct wholly-owned subsidiary of our Company
“TJ Shenzhen”	Tam Jai Catering (Shenzhen) Co., Ltd.* (譚仔餐飲(深圳)有限公司), a company established in the PRC with limited liability on 13 November 2019 and a direct wholly-owned subsidiary of our Company
“TJ Singapore”	Tam Jai (Singapore) Pte. Ltd., a company incorporated in Singapore with limited liability on 22 November 2019 and a direct wholly-owned subsidiary of our Company
“Toridoll HK”	Toridoll Holding Limited (東利多控股有限公司), a company incorporated in Hong Kong with limited liability on 21 September 2012 and is one of our Controlling Shareholders and the Selling Shareholder
“Toridoll Japan”	Toridoll Holdings Corporation, a company established in Japan with limited liability on 11 June 1990 whose shares are listed on the Tokyo Stock Exchange (stock code: 3397) and one of our Controlling Shareholders
“Track Record Period”	the period comprising the three financial years ended 31 March 2019, 2020 and 2021
“Trustee”	Trident Trust Company (HK) Limited, a company incorporated in Hong Kong with limited liability, being the trustee of the Employee Trust for the purposes of implementing and administering the Share Award Scheme and the Share Option Schemes
“Tung Tak Catering”	Tung Tak Catering Limited (同德食品有限公司), a company incorporated in Hong Kong with limited liability on 6 May 2008 and ceased to exist as an entity after being amalgamated with our Company on 1 April 2019

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## DEFINITIONS

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“Tung Tak Sublime”	Tung Tak Sublime Limited (同德昇有限公司), a company incorporated in Hong Kong with limited liability on 14 February 2020 and a direct wholly-owned subsidiary of our Company
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Vennic”	Vennic Limited (群順有限公司), a company incorporated in Hong Kong with limited liability on 5 February 2008 and a direct wholly-owned subsidiary of our Company
“Well Development”	Well Development International Limited (合進國際有限公司), a company incorporated in Hong Kong with limited liability on 25 January 2011 and ceased to exist as an entity after being amalgamated with Best New on 1 June 2019
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“%”	per cent

*In this prospectus, unless expressly stated or the context requires otherwise:*

- *all information and data is as at the Latest Practicable Date;*
- *certain amounts and percentage figures, including but not limited to, shareholdings and operating data, may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them;*
- *all references to any shareholdings in our Company assume no exercise of the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme unless otherwise specified;*

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## DEFINITIONS

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- *conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.8402. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Renminbi or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all;*
- *conversion of Singapore dollars into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to S\$0.1721. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in SGD or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all; and*
- *conversion of Japanese yen into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to ¥14.1055. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Japanese yen or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all.*

\* *For identification only*

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## GLOSSARY

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*This section contains definitions of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.*

“à la carte”	a type of menu that offers the customer to choose from a list of dishes that have separate prices, rather than a complete meal at a fixed price
“CAGR”	compound annual growth rate
“cart noodles”	車仔麵, an à la carte noodle dish originated in Hong Kong characterised by its wide variety of toppings and affordable prices
“comfort food”	food that provides a nostalgic or sentimental value to someone
“comparable restaurant(s)”	restaurant(s) in full operation throughout the periods under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the periods concerned
“CRM system”	customer relationship management system
“ERP system”	enterprise resources planning system
“GFA”	gross floor area
“HACCP”	Hazard Analysis Critical Control Points, a food safety risk management system which focuses on identifying and controlling food safety hazards
“ISO”	International Organization for Standardization
“ISO 22000”	food safety management system requirements published by ISO
“mixian”	a type of rice noodle (米線), which is a well-established, gluten-free staple food with a long history in Asian food culture and typically made from non-glutinous rice without any additives
“OEM”	original equipment manufacturer
“POS”	point of sale purchase, being the point where a transaction is finalised or the moment where a customer tenders payment in exchange for goods and services
“sq.ft.”	square feet

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “forecast,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;
- certain statements in sections headed “Business” and “Financial information” in this prospectus with respect to trends in prices, volumes, operations and margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

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## FORWARD-LOOKING STATEMENTS

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This prospectus also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the economy of Hong Kong, Mainland China and Singapore, respectively, and the food and beverage industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions.

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section headed “Risk factors” in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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## RISK FACTORS

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*An investment in our Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our historical financial information and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial conditions and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.*

### RISKS RELATING TO OUR BUSINESS

#### **We are susceptible to outbreak, epidemic and/or pandemic of infectious or contagious diseases, diseases of animals, food-borne illnesses as well as negative publicity relating to such incidents**

Any outbreak of food-borne diseases or epidemic occurrences such as H5N1 avian flu, Middle East Respiratory Syndrome (MERS), Ebola, as well as influenza caused by H7N9, H5N6 and H2N2, and Swine Influenza (H1N1 virus) could disrupt the supply of our key food ingredients. An outbreak of any of the above diseases could therefore have a material adverse impact on our results of operations, financial conditions and business prospects. Any outbreak, epidemic and/or pandemic of infectious or contagious diseases such as Severe Acute Respiratory Syndrome (SARS) and the novel coronavirus (COVID-19) in the regions in which we operate could lead to a reduction in our customer traffic and our revenue. As such diseases could have a material adverse impact on the macroeconomic condition of the affected regions, our business operations and financial performance could be negatively affected as a result. In addition, any negative publicity relating to the aforementioned and other health-related matters such as excessive level of medicine and chemicals contained in poultry and seafood, or outbreak of Bovine Spongiform Encephalopathy (also known as mad cow disease) may affect consumers' perception of food safety in general, which will consequently reduce customer traffic at our restaurants and adversely affect our results of operations.

Towards the end of 2019, an outbreak of respiratory illness caused by a novel coronavirus (COVID-19) quickly spread globally. In March 2020, the World Health Organisation characterised the COVID-19 outbreak as a pandemic. There is no guarantee that the COVID-19 pandemic will be effectively contained and controlled or that the demand for dining-in services will return to the normal level in the short term. If any of our employees and customers is infected or suspected of being infected with COVID-19 or if there is any outbreak of any pandemic of COVID-19 in areas/districts where our restaurants and central kitchens are situated, we may need to suspend the operation of our restaurants and central kitchens due to quarantine or disinfection measures. During the period from July 2020 to June 2021, we temporarily suspended the dine-in, takeaway and/or delivery service of a total of 54 restaurants for approximately five days on average for sterilisation and/or quarantine primarily because our employees, their close contacts or certain customers were infected with COVID-19. To prevent local transmission of COVID-19, the Hong Kong government has implemented various measures related to restaurants, such as restricting dine-in service, limiting the number of seats per table and imposing a minimum distance between tables, which have materially and adversely affected the consumer food service industry in general including our restaurants. There is no guarantee that such restrictions will be relaxed in the short term or will not be imposed again or that new restrictions will not be imposed.

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## RISK FACTORS

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As a result of the COVID-19 pandemic, we experienced a general reduction in customer traffic since early 2020, which had resulted in a decrease in the revenue of our comparable restaurants for the year ended 31 March 2021. For the year ended 31 March 2021, the total number of customers served by our comparable restaurants (including dine-in, takeaway and delivery orders) decreased to 21.0 million by 8.5% from 23.0 million for the year ended 31 March 2020. In particular, for the year ended 31 March 2021, the number of customers served by our comparable restaurants relating to dine-in orders decreased to 10.8 million by 36.6% from 17.1 million for the year ended 31 March 2020. For the year ended 31 March 2021, the revenue of our comparable restaurants decreased to HK\$1,219.2 million by 9.4% from HK\$1,345.0 million for the year ended 31 March 2020. In particular, for the year ended 31 March 2021, the revenue from dine-in orders of our comparable restaurants decreased to HK\$623.5 million by 36.9% from HK\$988.1 million for the year ended 31 March 2020.

The COVID-19 pandemic has resulted in a shift from dine-in orders to takeaway and delivery orders. We are usually charged a fee by the online delivery platforms equal to an agreed percentage of the price of the food items for each delivery order fulfilled by them. There is no assurance that we will be able to partly or fully transfer such cost to the customers by price adjustment, in which event our profitability may be materially and adversely affected. There is also no assurance that the online delivery platforms will not increase such fees in the future. In the event of prolonged lockdown in the overseas markets that we plan to expand into, delivery orders may continue to be a preferred dining option and our profitability and financial performance in these markets may be materially and adversely affected.

Our Directors consider that the potential continuation of the COVID-19 pandemic could result in material adverse impact on the macroeconomic conditions of Hong Kong, Mainland China, Singapore and any other markets which we may enter into in the future, and our financial performance could be negatively affected as a result of the global and local economic recession. For further details, please refer to the paragraph headed “Business — The impact of the COVID-19 pandemic” in this prospectus.

**Our business is dependent on the macroeconomic conditions of the markets in which we operate and any reductions in discretionary consumer spending as a result of economic downturn may adversely affect our business**

We generated most of our revenue from restaurant operations in Hong Kong during the Track Record Period, the performance of which is closely related to the macroeconomic conditions of Hong Kong. For the year ended 31 March 2021, the average spending per customer at our TamJai and SamGor restaurants was approximately HK\$58.8 and HK\$58.0, respectively, and we mainly targeted diners who looked for fast casual dining experience. Any deterioration of the Hong Kong economy, contraction of consumer expenditure on food, fear of a recession and decrease in consumer confidence may lead to reduction in customer traffic and average spending per customer at our restaurants, which could materially and adversely affect our financial conditions and results of operations.

In October 2020 and April 2021, we expanded our restaurant network into Singapore and Mainland China, respectively. Under our expansion plan, we expect to expand our restaurant network into Japan and Australia in the future. Our business performance will become increasingly related to the macroeconomic conditions of these regions, which, if deteriorated, may materially and adversely affect our financial conditions and results of operations.



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## RISK FACTORS

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### **Our expansion plan may lead to increased risks and uncertainties which may materially and adversely affect our business, financial condition and results of operations**

The total number of our restaurants had increased from 107 as at 1 April 2018 to 156 as at the Latest Practicable Date. We currently plan to expand our restaurant network by opening 28, 66 and 79 new restaurants in the years ending 31 March 2022, 2023 and 2024, respectively. Our expansion plan contemplates a more rapid pace of expansion than we have previously undergone and may place significant pressure on us in continuing our growth while ensuring consistent and quality food and services. There is no assurance that we will be able to expand at the expected pace or at all. The number and timing of new restaurants to be opened are subject to a number of risks and uncertainties, including but not limited to our ability to:

- identify and secure suitable restaurant sites on commercially reasonable terms;
- obtain the required government permits and approvals;
- obtain adequate funding for the initial setup costs;
- efficiently manage our time and cost in relation to the design, decoration and pre-opening work for the new restaurants; and
- recruit, train and retain sufficient staff, such as restaurant managers, waiters/waitresses and kitchen staff.

Our continuing growth depends on our ability to recruit, train and retain talents. Being a large-scale restaurant group, we have a large number of staff. There is no assurance that we will be able to recruit, train and retain sufficient staff and effectively manage them in order to sustain our development. As our scale of operations expands, we may face increasing difficulties in ensuring that our staff adhere to our internal guidelines in maintaining the consistency and quality of our food and services across all of our restaurants and comply with the applicable laws and regulations of multiple jurisdictions.

Our success relies on our ability to ensure consistency and quality of our food ingredients. As we rapidly expand, it may become increasingly difficult to ensure stable supply of fresh and high quality food ingredients from reliable suppliers at reasonable prices and manage the inventory and logistics in an efficient manner at our central kitchens and across all of our restaurants. It may also become increasingly difficult for our quality control system to ensure that our food ingredients are free from food contamination or other defects.

There is no assurance that our new restaurants will be profitable or can achieve the historic levels of operational performance of our existing restaurants as set out in the sections headed “Business — Our restaurants — Operating performance of our restaurants” in this prospectus. We may not be able to accurately estimate the consumer demand of the areas where we open new restaurants or effectively promote the new restaurants. We may face increasing difficulties in controlling our costs and managing our resources as our scale of operations expands. If the operating results of our new restaurants are less successful than our existing restaurants, our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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### **We are exposed to risk of cannibalisation between our existing restaurants and new restaurants due to over-expansion**

As at the Latest Practicable Date, we had 150 restaurants in Hong Kong. Our plan to open 38 new restaurants in Hong Kong by 31 March 2024 may be over-aggressive. We may over-estimate the overall consumer demand in Hong Kong, or the consumer demand in the areas in which we plan to open the new restaurants. There could be overlapping coverage and unanticipated competition between our existing restaurants and new restaurants. As a result, customers may be driven away from our existing restaurants to our new restaurants, which may materially and adversely affect the results of operations of our existing restaurants. If there is insufficient demand to support our expansion plan, our new restaurants may not achieve the level of revenue, breakeven or investment payback as anticipated or at all. As such, our overall results of operations, financial condition and profitability may be materially and adversely affected.

### **The new markets which we have recently expanded into or plan to expand into are different from the Hong Kong market and our expansion into these new markets presents risks and uncertainties**

We have recently expanded into the Mainland China and Singapore markets and currently plan to expand into the Japan and Australia markets. In the new markets, our business might be challenged by the differences in terms of demographic, age group concentration, cost structure, culture and consumer preferences. For example, according to the feasibility studies conducted by the external consultants engaged by us, in Australia, (i) ethnic Chinese citizens account for a relatively small portion of the entire population and are mainly concentrated in the Melbourne central business district and Chinese-centric suburbs; (ii) it is common that side-dishes order come in a larger portion in the form of sharing platters which often include three or more sides available on the menus, which is different from the side dishes we are currently offering in Hong Kong; and (iii) the average spending per person per meal is generally higher in Australia as compared to Hong Kong. According to Euromonitor, (i) in Japan, elderly people aged 65 and above account for more than 28% of its population as compared to 18.4% in Hong Kong in 2018; and (ii) the choice of Asian noodles are more diversified in Hong Kong than in Japan where consumers are more receptive to instant noodles and ramen. In addition, consumers in the new markets may not be familiar with our brands and we may need to build brand awareness in such markets through greater investments in advertising and promotional activities than we originally planned. There is no assurance that our food will suit the palate of the consumers in the new markets or that we can correctly anticipate or understand consumer preferences and spending patterns in the new markets. If we fail to respond to these challenges in a timely manner or at all, we may not be able to replicate our business model in the new markets successfully and our operational and financial performance in these markets may fall short of our expectations, resulting in a material adverse impact on our Group's overall performance.

We may find it more difficult in the new markets to recruit, train and retain talents who share our business philosophy and culture. Restaurants to be opened in the new markets may have lower sales, higher initial setup costs and higher operating costs than the restaurants in our existing markets. For example, the average initial costs for opening a new restaurant by us in Japan and Australia are estimated to be HK\$4.5 million and HK\$3.6 million, respectively, which are higher than the estimated average initial costs of HK\$3.1 million for opening a new restaurant by us in Hong Kong. As the costs of living, level of wages and level of rentals may be different in the new markets, the cost structure of our restaurants to be opened in the new markets may also be different. For the year ended 31 March 2021, our staff costs and leased properties expenses (including depreciation of right-of-use assets, rental and related expenses and interest on lease liabilities) accounted for approximately 31.2% and 20.9% of our revenue, respectively. There is no assurance

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## RISK FACTORS

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that the cost structure of our restaurants to be opened in the new markets will be similar to our historical cost structure. Sales at restaurants opened in the new markets may take longer than expected to ramp up and may not be able to reach our expected sales and profit levels, thereby affecting our overall profitability. For example, our three restaurants in Singapore had been opened for a period ranging from approximately four to five months and had not yet achieved breakeven or investment payback as at 31 March 2021. In addition, we may have difficulties in finding reliable suppliers with adequate supplies of food ingredients that meet our quality standards in the new markets.

The business environment of the new markets may be significantly different from our existing markets in various aspects, including but not limited to tax system, legal system, licensing regime, government policies, competitive landscape, economic conditions, political risks, culture and language. The laws and regulations, including but not limited to those related to food safety, labour and environmental protection, that we need to comply with in the new markets may be more onerous than those in our existing markets. There is no assurance that we will be able to get familiar with and adapt to the new business environment in a timely manner.

If any of the abovementioned risks materialises, our business, financial condition and results of operations may be materially and adversely affected.

### **Opening new restaurants in existing markets may negatively affect sales at our existing restaurants**

The opening of new restaurants in or near markets in which we already have existing restaurants could adversely impact the sales and customer traffic of existing restaurants. Some of our customers may be diverted from our existing restaurants to our new restaurants. We currently plan to open 28, 66 and 79 new restaurants in the three years ending 31 March 2022, 2023 and 2024, respectively. There is no assurance that we can accurately anticipate the impact of opening the new restaurants on our existing restaurants when we evaluate each new restaurant site and seek to balance any potential impact on our existing restaurants with the new restaurant's ability to attract more customers from competitors. There can be no assurance that customer diversion among our existing restaurants will not occur or become more significant in the future as we continue to expand our operations, which could have a material adverse effect on sales at our existing restaurants and our overall profitability.

### **Opening of new restaurants could affect our financial performance**

Our operating results have been, and in the future may continue to be, significantly influenced by the timing of the opening of new restaurants (which is often affected by factors beyond our control), including initially lower sales and higher operating costs, as well as changes in our geographic distribution due to the opening of new restaurants. New restaurants also incur expenses before opening such as rental expenses and staff costs. New restaurants require time to ramp up and achieve our target performance. Our progress in opening new restaurants from period to period may also occur at an uneven rate. Accordingly, the number and timing of new restaurant openings has had, and may continue to have, an impact on our profitability. As a result, our results of operations may fluctuate significantly from period to period and comparison of different periods may not be meaningful.

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## RISK FACTORS

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### **Any disruption of the operation of our central kitchens could adversely affect our business and operations**

We rely on our central kitchens to supply a majority of our semi-processed or processed food ingredients used in our restaurants. Any disruption of operations at our central kitchens, such as electricity or water suspension, or closure due to quarantine or disinfection measures, may affect our ability to distribute food ingredients to our restaurants in a timely manner, or at all, which may disrupt our restaurants' ability to serve certain dishes or operate at all, whether temporarily or on a permanent basis. If we remove certain dishes from our restaurant offerings, we may experience a significant reduction in revenue and our brand value may suffer, resulting in a material adverse effect on our business and results of operations.

### **Our success depends on the popularity of our brands, and any damage to our brands, whether in our existing markets or new markets, could materially and adversely affect our business and results of operation**

We believe that our success depends on the popularity of our brands, which attract customers to visit our restaurants. As such, being able to protect and enhance the value of all our brands is critical to our continued success. Any incident that damages the image of our brands or erodes consumer trust in our brands may cause a material adverse impact on our business and results of operation. As we continue to grow in size, extend our geographic reach and expand our food offerings and services, maintaining food and services quality and consistency may become more difficult and we cannot assure you that customer confidence in our brands will not diminish. There is no assurance that we will be able to continue to provide quality food and services and enjoyable dining experience to our customers. If consumers perceive or experience a deterioration in food quality, service, ambience or value for money or believe in any way that we are failing to deliver a consistently enjoyable dining experience, our brand value could suffer and the number of customers visiting our restaurants may decline, which could have a material adverse impact on our business.

Furthermore, the image of our brands may be affected by reviews made by our customers on the internet and social media platforms. We have no control over the content of such reviews or any photographs published by our customers in relation to our food and restaurants. Any negative reviews, regardless of their validity, may materially and adversely affect the image of our brands and the results of our operation.

In addition, during the year ended 31 March 2021, we had obtained subsidies from the anti-epidemic fund granted by the Hong Kong government in the amount of HK\$153.7 million and subsidies in relation to the COVID-19 pandemic granted by the Singapore government amounting to HK\$0.8 million. During the same period, our Company declared and distributed dividends to our Shareholders of HK\$120.0 million. There may be negative perception given to the public by the fact that our Company received government subsidies in the year ended 31 March 2021 and during the same year we declared dividends, which may materially and adversely affect the image of our brands and the results of our operation.

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## RISK FACTORS

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### **Our operations are susceptible to increases in purchase costs for food ingredients, which could adversely affect our margins and results of operation**

Our profitability depends partly on our ability to anticipate and react to changes in the supply quality or costs of food ingredients. The availability (in terms of type, variety and quality) and price of food supplies may fluctuate and be volatile and are subject to factors beyond our control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, global demand, government policies and regulations and exchange rate fluctuations, each of which may affect our food costs or the stability of our supply. Our suppliers may also be affected by higher costs to produce the goods and services supplied to us, rising labour costs and other expenses that they pass through to their customers, which could result in higher costs for goods and services supplied to us. During the years ended 31 March 2019, 2020 and 2021, our cost of food and beverages consumed increased from HK\$375.0 million to HK\$385.3 million and further to HK\$411.5 million, and our cost of packaging materials increased from HK\$14.3 million to HK\$19.6 million and further to HK\$36.8 million. During the Track Record Period and up to the Latest Practicable Date, we had not entered into any long term contracts with our suppliers.

In addition, we do not enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in food costs. We may not be able to anticipate and react to changes in food costs through our purchasing practices, by making changes to menu offerings or menu price adjustments in the future. Further, we may neither want to nor be able to pass these cost increases onto our customers. The failure to do so may materially and adversely affect our business and results of operations.

### **If our suppliers do not deliver food and other supplies at competitive prices or in a timely manner, we may experience supply shortages and increased food costs**

The ability to source quality food ingredients at competitive prices in a timely manner is crucial to our business. Our ability to maintain consistent quality and maintain our menu offerings across our restaurants depends in part upon our ability to acquire fresh food products and related supplies from reliable sources that meet our quality specifications and are in sufficient quantities. For the years ended 31 March 2019, 2020 and 2021, the amount of purchases from our five largest suppliers in aggregate accounted for approximately 46.5%, 44.1% and 44.2% of our total amount of purchases, respectively, and our amount of purchases from our largest supplier accounted for approximately 21.8%, 18.3% and 18.0% of our total amount of purchases, respectively. During the Track Record Period, none of our key suppliers ceased or indicated that they would cease supply of food ingredients to us, and we did not experience any material delays or interruptions in securing the supply of food ingredients from our key suppliers. However, there can be no assurance that we will be able to maintain business relationships with our key suppliers.

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## RISK FACTORS

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Disruption of our food supplies can occur for a variety of reasons, many of which are beyond our control, including but not limited to unanticipated demand, adverse weather conditions, natural disasters, diseases, cessation of operation of a supplier or unexpected production shortages. There is no assurance that our current supplies will always be able to meet our stringent quality control requirements in the future. If any of our suppliers do not perform adequately or otherwise fail to distribute products or supplies to us in a timely manner, we cannot assure you that we will be able to find suitable replacement suppliers on acceptable terms or within a reasonable time frame. Any failure to do so could increase our food costs and could cause shortages of food and other supplies at our restaurants that may cause us to remove certain items from the menus of one or more restaurants. Any significant changes to our menus for a prolonged period of time could result in a significant reduction in revenue during the time affected by the shortage and could adversely affect the dining experience of our customers.

**If the wage levels in the consumer food service industry in the markets in which we operate increase, our financial performance may be materially and adversely affected**

Staff costs are one of the major costs of our business. For the years ended 31 March 2019, 2020 and 2021, our staff costs amounted to HK\$477.0 million, HK\$538.8 million and HK\$559.4 million, representing 30.7%, 31.9% and 31.2% of our total revenue, respectively.

Wage levels in the consumer food service industry in the markets in which we operate have been increasing in recent years. There is no assurance whether such wage levels in our existing and new markets will or will not increase in the future. In addition, our operations in Hong Kong and Mainland China are required to comply with the statutory minimum wage requirements. Please refer to the sections headed “Regulatory overview — Hong Kong laws and regulations — Laws and regulations on employment” and “Regulatory overview — PRC laws and regulations — Laws and regulations relating to labour protection” in this prospectus for further details. If there is any increase in the statutory minimum wage in these regions or if any additional legislation is enacted in these regions resulting in an increase in employee’s benefits and welfare to be borne by employers, our staff costs may increase as a result. There is no assurance that we will be able to pass the increased staff costs onto our customers by increasing our menu prices. If any of the above risks materialise, our financial performance may be materially and adversely affected.

**Our business could be adversely affected by difficulties in recruitment and retention of our employees**

We believe that hiring, motivating and retaining qualified employees are critical to our success as a restaurant operator. Our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers, waiters/waitresses and kitchen staff. The competition for labour force in the consumer food service industry in the markets in which we operate is intense. We may face difficulties in hiring sufficient qualified employees for our operation. If we are unable to hire and retain enough qualified employees, the operation of our existing restaurants and our expansion plan may be disrupted, which could have a material adverse impact on our business and results of operation.

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## RISK FACTORS

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**Our success depends on our key personnel and our business may be materially and adversely affected if we are unable to retain them or if they are not able to successfully manage our growing operations**

Our future success depends on the ability of our key management personnel to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our future success also depends upon the continuing services and performance of our key management personnel, including our Directors or members of our senior management. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain consistency in the quality of our food and service and to implement our business strategy. If our key management personnel fail to work together successfully, or if one or more of our key management personnel is unable to effectively implement our business strategy, our business may not grow at our expected pace or at all. Competition for experienced management and operating personnel in the consumer food service industry is intense, and the pool of qualified candidates is limited. We may not be able to retain our key management and operating personnel or attract suitable management and operating personnel in the future.

If any key personnel is unable or unwilling to continue in his or her present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our results of operations may be materially and adversely affected. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing business, we may lose business secrets and know-how as a result. Any failure to attract, retain and motivate these key personnel may harm our reputation and result in a loss of business.

**We may be unable to detect, deter and prevent instances of fraud or other misconduct committed by our employees, customers or other third parties**

As we operate in the consumer food service industry, we usually receive and handle large amounts of cash in our daily operations. Please refer to the section headed “Business — Settlement and cash management” in this prospectus for detail. We cannot assure you that there will not be any instances of fraud, theft and other misconduct involving employees, customers and other third parties that may have a material adverse impact on our business and results of operations in the future. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

**As at the Latest Practicable Date, we leased all of the properties on which our restaurants operate, and we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs**

As at the Latest Practicable Date, we leased all the properties in which our restaurants operate. Accordingly, our depreciation of right-of-use assets, rental and related expenses and interest on lease liabilities in aggregate (the “**leased properties expenses**”) account for a significant portion of our operating expenses. For the years ended 31 March 2019, 2020 and 2021, our leased properties expenses amounted to HK\$293.3 million, HK\$331.1 million and HK\$374.4 million, representing 18.8%, 19.6% and 20.9% of our total revenue, respectively. Our Directors believe that, in general, rental costs for premises that are suitable for restaurant businesses in the markets in which we operate will continue to increase. Our substantial operating lease obligations expose us to potentially significant risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes.

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## RISK FACTORS

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We compete with other retailers and restaurants for quality sites in a highly competitive market for retail premises. If we cannot obtain desirable restaurant locations or secure renewals of existing leases on commercially reasonable terms, our business, results of operations and ability to implement our growth strategy will be materially and adversely affected.

Our leases typically have an initial term of three years, subject to any option to renew. For leases without options to renew, whether we are able to renew is normally subject to further negotiation with the landlords. There is no assurance that we will be able to renew such lease agreements on terms which are acceptable to us as the landlords may insist on a significant modification to the terms and conditions of the lease agreement. If a lease agreement is renewed at a rate substantially higher than the existing rate or other existing favourable terms granted by the lessor, if any, are not extended, we must evaluate whether renewal on such modified terms is in our business interest. If we are unable to renew leases for our restaurant sites, we will have to close or relocate the relevant restaurant, which would eliminate the sales that the restaurant would have contributed to our revenue during the period of closure, and could subject us to initial setup costs and other costs and risks. In addition, the revenue and any profit generated at a relocated restaurant may be less than the revenue and profit previously generated at the closed restaurant. Therefore, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially acceptable terms could have a material adverse effect on our business and results of operations. Further, if we breach any of our lease agreements, such lease agreements may be terminated prematurely which will require us to relocate. As a result, our operations could be disrupted and our results of operations could be materially and adversely affected.

**If the sites on which we have chosen to establish our restaurants do not meet our expectations or the demographics or other characteristics of the area surrounding the sites we choose change in an adverse manner, we may have to continue to pay rent even if we choose to cease operations at such sites**

There can be no assurance that the sites of our existing restaurants will meet our expectations or that the neighbourhood characteristics or demographics of the areas surrounding our restaurant sites will not deteriorate or otherwise change in the future, resulting in reduced sales at these sites. For example, construction or renovation works in surrounding areas may adversely affect the accessibility of our restaurants or reduce the pedestrian or vehicle flow in the area, resulting in reduced customer traffic at our restaurants. In these circumstances, we may wish to relocate or cease operations. However, because most of our lease agreements have fixed terms, we would be contractually bound to continue to make rental payments for the entire duration of such leases at the relevant restaurants. In such circumstances, our business and results of operations may be materially and adversely affected.

**Any failure to maintain effective quality control systems of our restaurants could have a material adverse effect on our business and operations**

The quality of the food we serve is critical to our success. Maintaining consistent food quality depends significantly on the effectiveness of our quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and our ability to ensure that our employees adhere to those quality control policies and guidelines. Our quality control systems primarily cover (i) procurement; (ii) food processing; (iii) storage; (iv) logistics; (v) restaurant operation; and (vi) customer service. Please refer to the section headed “Business — Food safety and quality control” in this prospectus for further detail. There is no assurance that our quality control systems will remain effective in the ever-changing consumer food service industry. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, results of operations and financial condition.



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## RISK FACTORS

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**There is no assurance that the TamJai Former Shareholders or the SamGor Founding Shareholders will not compete with us in the future**

Pursuant to the relevant stock purchase agreement for the acquisition of our TamJai brand, Muswell International and the TamJai Former Shareholders agreed, among other things, not to directly or indirectly carry on a business that is (i) in direct or indirect competition with the business of our Group under our TamJai brand as conducted at any time up to 31 January 2021; or (ii) under a title or name similar to our TamJai brand up to 31 January 2023. Pursuant to the relevant stock purchase agreement for the acquisition of our SamGor brand, Vigor Base Limited, Timeless Way Limited and the SamGor Founding Shareholders agreed, among other things, not to directly or indirectly carry on a business that is (i) in direct competition with the business of our Group under our SamGor brand as conducted at any time up to 31 January 2020; or (ii) under a title or name similar to our SamGor brand perpetually.

There is no assurance that the TamJai Former Shareholders or the SamGor Founding Shareholders will not carry on a business in competition with us after the expiry of the abovementioned non-competition undertakings given by them. Given their familiarity with our brands and operations and their reputation as the former shareholders of our Group, if they carry on a business in competition with us, our customers may be driven away and our business and financial performance may be materially and adversely affected.

**Our intellectual property rights may be infringed by third parties, which may materially and adversely affect our results of operation, our reputation and the image of our brands**

We believe that our brands are critical to our success. We have developed our brands into strong and well-recognised brands in the consumer food service industry in Hong Kong and we believe that many customers visit our restaurants because of our brands. Our continuing growth therefore depends on our ability to protect and promote our brands and our intellectual property rights.

As at the Latest Practicable Date, we owned 15, 26 and nine registered trademarks in Hong Kong, Mainland China and Singapore, respectively, which are or may be material to our business. In addition, as at the Latest Practicable Date, we owned six domain names which are material to our business. For details of our material intellectual property rights, please refer to the section headed “Statutory and general information — B. Information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further detail.

Our intellectual property rights may be infringed by third parties. For example, third parties may imitate our brands by using trademarks which are identical or similar to ours. Preventing unauthorised use of trademarks can be difficult. We may not be able to prevent third parties from infringing our trademarks or conducting behaviours that may damage the value of our brands. If we are unable to prevent such unauthorised use, our customers may be driven away from us, which could materially and adversely affect our results of operation. Any negative publicity as a result of unauthorised use of our trademarks may also materially and adversely affect our reputation and the image of our brands.

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## RISK FACTORS

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We cannot assure you that we can successfully register all the trademarks, domain names or other intellectual property rights associated with our business in all the markets in which we operate or may operate in the future. There is also no assurance that the registration of our trademarks, domain names or other intellectual property rights can be successfully renewed upon expiry in the future.

We generally rely on trademark and copyright laws to protect our intellectual property rights. However, the validity, enforceability and scope of protection of our intellectual property rights could be uncertain. In particular, the relevant laws of Mainland China, Singapore and any other markets which we may enter in the future may not offer the same scope of protection as the laws of Hong Kong. Further, enforcing our intellectual property rights through litigation or other legal procedures could be expensive and time-consuming and could divert management attention from our business. Even if we are able to successfully enforce our intellectual property rights, the legal remedies may not be sufficient to cover any financial loss or other intangible damage that we may suffer, which may materially and adversely affect our business and results of operation.

**We may be exposed to intellectual property infringement claims by third parties, which may disrupt our business, cause us to incur substantial legal costs, or damage our reputation**

We may be unaware of intellectual property registrations or applications relating to our business that may give rise to potential objection against the registration of trademarks associated with our brands or even infringement claims against us. As a result, we may fail to successfully register our trademarks or face claims of infringement of third parties' intellectual property rights. We cannot assure you that we will not be subject to trademark litigation or disputes in the future.

Third parties making infringement claims against us may be able to obtain an injunction to prevent us from operating our restaurants under certain trademarks, which may materially and adversely affect our business and financial performance. Litigation could be expensive and time-consuming and could divert management attention from our business. A successful infringement claim against us could require us to pay substantial damages. We may be forced to redevelop a new brand for our restaurants. Any intellectual property claim against us, regardless of merit, could damage our reputation and have a material and adverse impact on our business, results of operation or financial condition.

**We are required to obtain various approvals, licences and permits to operate our business and any failure to obtain or renew any of these approvals, licences and permits could materially and adversely affect our business and results of operation**

We are subject to all applicable regulatory regime in the jurisdictions in which we operate. We are required to obtain various approvals, licences and permits to operate our business, including but not limited to general restaurant licence, light refreshment licence, food factory licence and water pollution control licence. Please refer to the sections headed "Regulatory overview" and "Business — Licences" in this prospectus for details. We may experience difficulties or failures in obtaining the necessary approvals, licences and permits for opening new restaurants. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licences and permits required for our existing restaurants upon expiry in a timely manner or at all. If we cannot obtain all the approvals, licences and permits required by us to operate our existing or new restaurants in a timely manner or at all, our ongoing business and/or our expansion plan could be disrupted. We may also be liable to fines and or other legal consequences for failure to obtain the necessary approvals, licences and permits. If any of the abovementioned risks materialise, our business and results of operation may be materially and adversely affected.

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## RISK FACTORS

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### **Any significant liability claims or food contamination complaints from our customers could adversely affect our business and operations**

Our customers may submit or file complaints or claims against us regarding our food and services. Please refer to the section headed “Business — Customer complaints” in this prospectus for further details of customer complaints we received during the Track Record Period and our procedures for handling such complaints.

Being in the consumer food service industry, we face an inherent risk of food contamination, complaints and liability claims filed by our customers. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers and we may not be able to detect all defects in our supplies. In the event of such claims or complaints, our reputation and business may be materially and adversely affected. If we become subject to food safety claims caused by contaminated or defective food ingredients supplied by our suppliers, there is no assurance that we will be able to recover adequate compensation or any compensation at all from the relevant suppliers. For example, our supply contracts may not have sufficient provisions to compensate us for the losses we suffer. If we have to bear the losses, our business, financial condition and results of operations may be materially and adversely affected.

All of our raw materials, semi-processed and processed food ingredients used in our restaurants were initially handled by our central kitchens and/or our suppliers. Any food contamination occurring at our central kitchens or suppliers’ facilities or during the transportation from our central kitchens or suppliers’ facilities to our restaurants that we fail to detect or prevent could adversely affect the quality of the food served in our restaurants. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Any failure to detect defective food supplies, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we serve, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, the imposition of penalties against us by relevant authorities and compensation awards by courts. We cannot assure you that we will not receive any material orders or claims or penalty in relation to food and health-related matters in the future. Any such incidents could materially harm our reputation, results of operations and financial condition.

A multi-location restaurant business such as ours can also be adversely affected by negative publicity or news reports, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants or other service providers across the food industry supply chain. Any such negative publicity could materially harm our business and results of operations and result in damage to our brands.

### **Our business is affected by changes in consumer taste and dining preference, and we may not be able to anticipate, identify and react to these changes in a timely manner or at all**

Our business is affected by changes in consumer taste and dining preference, which are constantly changing and difficult to anticipate. We regularly update our menu and introduce new dishes from time to time to adapt to changes in consumer taste, dining preference and nutritional trends. However, we cannot assure you that we can anticipate and react to these changes in a timely manner or at all. If we fail to anticipate, identify and react to these changes in a timely manner or at all, or if our competitors are able to react to these changes more effectively, we may face reduced customer traffic and our business, financial condition and results of operation may be materially and adversely affected.

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## RISK FACTORS

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### **Net current liabilities may expose us to certain liquidity risks and could restrain our operational flexibility as well as materially and adversely affect our ability to expand our business**

As at 31 March 2019, 2020 and 2021, we recorded net current assets of HK\$27.0 million, net current liabilities of HK\$26.9 million and net current assets of HK\$27.3 million, respectively. Please refer to section headed “Financial information — Net current assets/liabilities” in this prospectus for further detail.

Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade and other payables, as and when they become due will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating performance, prevailing economic conditions, our financial, business and other factors, many of which are beyond our control. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis or on acceptable terms, or at all, may also force us to abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

### **We are subject to risk of recoverability of deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that future taxable profit will be available to utilise against such asset recognised prior to their expiry. As at 31 March 2019, 2020 and 2021, our deferred tax assets amounted to HK\$11.8 million, HK\$8.7 million and HK\$10.8 million, respectively, the majority of which was in relation to deductible temporary differences arising from depreciation in excess of the related depreciation allowances. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and amount of forecasted future taxable profits at the relevant times together with future tax planning strategies. Any changes in management judgement as well as the future operating results of the relevant entities would affect the carrying amounts of deferred tax assets to be recognised and the recoverability of deferred tax assets recognised in our consolidated financial statements, and hence could materially and adversely affect our financial condition and results of operation in future years.

### **We plan to expand our restaurant network, establish new central kitchens, expand our central kitchen in Hong Kong, refurbish our restaurants and enhance our restaurants’ operating equipment, which may result in increase in depreciation expenses and may adversely affect our financial results and conditions**

We plan to expand our restaurant network, establish new central kitchens, expand our central kitchen in Hong Kong, refurbish our restaurants and enhance our restaurants’ operating equipment. We estimate that the capital expenditures in respect of such expansion plan will amount to HK\$183.4 million, HK\$376.9 million and HK\$350.7 million for the years ending 31 March 2022, 2023 and 2024, respectively. Please refer to the sections headed “Business — Our business strategies” and “Future plans and use of proceeds” in this prospectus for further detail.

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## RISK FACTORS

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. It is expected that depreciation of leasehold improvements will depreciate over the remaining term of the tenancy leases, while furniture and fixture and machinery and equipment will depreciate at an annual rate of 20% or 30%. As a result of our expansion plan as set out in the sections headed “Business — Our business strategies” and “Future plans and use of proceeds” in this prospectus, it is estimated that there will be an increase in depreciation expenses for the year ending 31 March 2022, which may adversely affect our financial results and conditions.

**Our insurance policies may not provide adequate coverage for all claims associated with our business operations**

During the Track Record Period, we were covered by insurance policies that we believe are customary for businesses of our size and type and in line with the standard commercial practice. Please refer to the section headed “Business — Insurance” in this prospectus for more details on our insurance policies. However, there are losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected.

**Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability**

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to restaurants based in the markets in which we operate and our ability to control costs and operating expenses.

Our historical results are affected by the rent concession and government subsidies we received during the Track Record Period, which were non-recurring in nature. For the year ended 31 March 2021, we received rent concession from our landlords primarily due to the COVID-19 pandemic in the amount of HK\$15.6 million. During the years ended 31 March 2020 and 2021 and the period from 1 April 2021 up to the Latest Practicable Date, we were granted subsidy from the anti-epidemic fund by the Hong Kong government in the amount of HK\$2.0 million, HK\$153.7 million and HK\$0.4 million, respectively; and subsidies in relation to the COVID-19 pandemic granted by the Singapore government amounted to nil, HK\$0.8 million and HK\$0.5 million, respectively.

You should not rely on our historical results to predict the future performance of our Shares.

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## RISK FACTORS

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### **Our historical dividends may not be indicative of our future dividends**

For the years ended 31 March 2019, 2020 and 2021, our Company declared and distributed dividends to its shareholders of HK\$75.0 million, HK\$170.0 million and HK\$120.0 million, respectively. We cannot assure you that we will declare or pay dividends in the future, and potential investors should be aware that the amount of dividends that were declared and paid in the past should not be used as a reference or basis upon which future dividends will be determined. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant.

### **We are subject to the risk of foreign currency fluctuations**

Our Group's consolidated financial statements' presentation currency is HK\$, while a portion of our restaurant operations are located in Mainland China and Singapore, where the relevant revenue and costs are denominated in RMB and SGD, respectively. As such, our Group is subject to the risk of foreign currency fluctuations. For the year ended 31 March 2021, HK\$4.1 million of our total cost (excluding income tax expense and listing expenses) were denominated in RMB. For the year ended 31 March 2021, HK\$10.9 million of our revenue and HK\$22.2 million of our total cost (excluding income tax expense and listing expenses) were denominated in SGD. In the future, as our business operations in Mainland China and Singapore expand, we may be subject to greater risk of foreign currency fluctuations. Any appreciation or depreciation of RMB and SGD against HK\$ may affect our results of operation from our Mainland China and Singapore segments on translation into our Group's presentation currency and/or affect our cost of materials consumed in our Hong Kong segment arising from changes in invoice payables denominated in currencies other than HK\$ and hence could materially and adversely affect our cash flows, cost, earnings and financial position.

### **We may be subject to inventory obsolescence risk**

Our raw materials primarily consist of food and beverages used in our operation, including food ingredients, semi-processed and processed foods, beverages and other finished products we procured from our suppliers which have limited shelf life. As the age of the food ingredients increases, our risk of inventories obsolescence increases. Currently we operate central kitchens in order to effectively consolidate control over our inventory storage, inventory monitoring and logistics functions, but certain factors such as the varying popularity of the relevant dishes and customer traffic at our restaurants are beyond our control, hence we cannot guarantee that all our inventories can be fully utilised within their shelf life. As our business expands, our inventory level increases and our inventory obsolescence risk may also increase along with the increased purchase of inventories. Furthermore, any unpredicted and adverse changes to the optimal storage conditions at our restaurants or our central kitchens may expedite the deterioration of our inventories which in turn increase inventory obsolescence risk.

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## RISK FACTORS

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### **Events that disrupt our operations, such as fires, floods, or other natural or man-made disasters, may materially and adversely affect our business operations**

Our operations are vulnerable to interruption by fires, floods, typhoons, power failures and power shortages, hardware and software failures, computer viruses, terrorist attacks and other events beyond our control. Our business is also dependent on prompt delivery and transportation of our raw materials and food ingredients. Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays and labour strikes, could also lead to delayed or lost deliveries of food supplies to our food factories and our restaurants which may result in the loss of revenue or customer claims. Perishable food ingredients, such as fresh, chilled or frozen food ingredients, may deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our suppliers or our logistics partners. This may result in failure to provide quality food and services to our customers, thereby adversely affecting our business and damaging our reputation. Fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in our operations, which may also prevent us from providing quality food and service to customers for an indefinite period of time, thereby affecting our business and damaging our reputation. Any such event could materially and adversely affect our business operations and results of operations.

### **Our business may be adversely affected by social movements in Hong Kong**

In or around the second half of 2019, there were a series of social movements across various districts in Hong Kong, which had resulted in a decrease in the number of customers visiting some of our restaurants. The total number of customers served by our comparable restaurants decreased from approximately 24.9 million for the year ended 31 March 2019 to 23.1 million for the year ended 31 March 2020, which we consider to be partly attributable to such social movements. The occurrence and duration of social movements cannot be predicted or controlled by us. If such social movements happen again, the economic, political and social conditions in Hong Kong may materially deteriorate, the number of customer visits of our restaurants in Hong Kong and the total spending of our customers may be adversely affected, and our business operation may be disrupted and/or suspended, which may in turn materially adversely affect our results of operation.

### **Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business**

We rely on our computer systems and network infrastructure across our operations to monitor the daily operations of our restaurants and food production and to collect accurate up-to-date financial and operating data for business analysis. Any break-in damage, failure of our computer systems or network infrastructure or cyberattack, such as hacking, phishing, computer virus and ransomware, that causes an interruption in our operations could have a material adverse effect on our business and results of operations. During the Track Record Period, we had been attacked by ransomware, which had resulted in our headquarters' office not being able to access some shared folders on the servers. We temporarily suspended internet access to prevent further spreading of the ransomware. After removing the ransomware and fixing the accessibility issue, our operations resumed normal in around two days. Such incident did not result in any material interruption in our operations or any material loss. For further details, please refer to the section headed "Business — Internal control and corporate governance" in this prospectus. There is no assurance that we will not be subject to similar cyberattacks or suffer any loss as a result in the future.

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## RISK FACTORS

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We also receive and maintain certain personal information about our customers when accepting credit cards for payment. If our network security is compromised and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation or other proceedings brought by the card-holders and card-issuers. Any such proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our business and results of operations.

### **RISKS RELATING TO OUR BUSINESS IN MAINLAND CHINA**

#### **The registration procedures of some of our lease agreements at relevant authorities have not been completed**

Under the relevant PRC law, all lease agreements are required to be registered with the relevant land and real estate administration bureaus. As at the Latest Practicable Date, we leased eight properties for our restaurant operations in Mainland China, which are currently used as restaurant premises, offices and staff quarters. As at the Latest Practicable Date, the lease agreements with respect to five of these properties had not been registered and filed with the relevant land and real estate administration bureaus in Mainland China because the relevant lessors failed to provide necessary documents for us to register the lease agreements with the local government authorities, which were beyond our control. As advised by our PRC legal advisers, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may require us to complete the lease registrations within a specified timeframe and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement. Please refer to the section headed “Business — Properties” in this prospectus for further detail.

#### **Governmental control of currency conversion may affect the value of your investment**

The government of Mainland China imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. We currently receive our revenues from our restaurant operations in Mainland China in RMB. Shortages in the availability of foreign currency may restrict the ability of our subsidiaries in Mainland China to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing foreign exchange regulations in Mainland China, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange of the PRC by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of Mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The government of Mainland China may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.



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## RISK FACTORS

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### **RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE**

#### **The restaurant business may be subject to increasingly stringent licensing requirements, environmental protection regulations and hygiene standards, which can increase our operating costs**

We are required to obtain a number of licences and permits for our restaurant operations, including, among others, general restaurant licences, food factory licences and water pollution control licences. We are also required to comply with environmental protection regulations. We cannot assure you that the licensing requirements and environmental protection regulations for our restaurant operations will not become more stringent in the future. In addition, if the relevant government authority concludes that any of our restaurants is not able to meet the required hygiene standards, we may be required to take steps to comply with the relevant laws and regulations or may result in suspension of the operation of the relevant restaurant. Any failure to comply with existing regulations, or future legislative changes, could cause our Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or suspensions of some or all of our business, which could materially and adversely affect our financial condition and results of operations.

#### **Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations**

The consumer food service industry is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels and consumer spending patterns. Any deterioration of the economy, decrease in disposable consumer income, fear of a recession and decreases in consumer confidence in the regions in which we operate our business may lead to a reduction of customer traffic and average spending per customer at our restaurants, which could materially and adversely affect our financial condition and results of operations.

Moreover, the occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could affect the availability of credit generally may have a material and adverse impact on financings available to us. Any turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

#### **Intense competition in the consumer food service industry could prevent us from increasing or sustaining our revenue and profitability**

The consumer food service industry is intensely competitive with respect to, among other things, food quality and consistency, taste, price-value relationships, ambience, service, location, supply of quality food ingredients and employees. Key competitive factors in the industry include type of cuisine, food choice, food quality and consistency, quality of service, price, dining experience, restaurant location and the ambience of the facilities. We face significant competition at each of our locations from a variety of restaurants in various market segments, including locally-owned restaurants and regional and international chains. Our competitors also offer dine-in, take-away and delivery services. There are a number of well-established competitors with substantially greater financial, marketing, personnel and other resources and many of our competitors are well established in the markets where we have restaurants, or in which we intend to open new restaurants. Additionally, other competitors may develop new restaurants that operate with similar concepts and target our customers resulting in increased competition.

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## RISK FACTORS

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Any inability to successfully compete with other restaurants in our markets may prevent us from increasing or sustaining our revenues and profitability and lose market share, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. We may also need to modify or refine elements of our restaurant system to evolve our concepts in order to compete with popular new restaurant styles or concepts that develop from time to time. We cannot ensure that we will be successful in implementing these modifications or that these modifications will have the intended effect.

### **RISKS RELATING TO THE GLOBAL OFFERING AND THE SHARES**

#### **The trading volume and share price of the Shares may fluctuate**

The market price and trading volume of the Shares may be highly volatile and fluctuate substantially as a result of many factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue, earnings or cash flow;
- changes in the analysis and recommendations of securities analysts;
- announcements of new investment, joint ventures, strategic alliances or acquisitions made by our Company or our competitors;
- loss of key personnel;
- litigation or fluctuation in the market prices for our services;
- the liquidity of the market for the Shares;
- restrictive regulations or limitations imposed on our industry by relevant authorities; and
- the general economic, market conditions and other factors affecting the consumer food service industry in the markets in which we operate.

Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There are no assurances that these developments will or will not occur in the future and it is difficult to quantify the impact on us and on the trading volume and market price of the Shares. In addition, the Shares may be subject to changes in the market price, which may not be directly related to our financial or business performance.

#### **There has not been any prior public market for the Shares and an active trading market may not develop**

Prior to the Listing, there is no public market for the Shares. The approval for the listing of, and the permission to deal in, the Shares on the Stock Exchange does not guarantee the development of an active public market or the sustainability thereof following the completion of the Global Offering.

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## RISK FACTORS

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As mentioned in the paragraph headed “Risks relating to the Global Offering and the Shares — The trading volume and share price of the Shares may fluctuate” in this section, there are factors that could cause the market price and trading volume of the Shares to change substantially. As such, the Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Global Offering, and there is no assurance the trading price of the Shares will not decline below the Offer Price.

In addition, both the market price and liquidity of the Shares could be adversely affected by factors which are beyond our control and unrelated to the performance of our business, especially when the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, you may not be able to sell the Shares at or above the Offer Price.

**Any disposal of a substantial number of the Shares by our Controlling Shareholders in the public market could adversely affect the market price of the Shares**

The market price and liquidity of the Shares may be highly volatile. There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, or that the availability of the Shares for sale by any of the Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

**Existing Shareholders’ shareholding may experience dilution if our Company issues additional Shares in the future**

Our Company may issue additional Shares upon exercise of the share options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue of new Shares would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, our Company may need to raise additional funds in the future to finance business expansion or new development and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro-rata basis to the existing Shareholders, the shareholding of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

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## RISK FACTORS

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### **Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other Shareholders**

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme), our Controlling Shareholders will hold approximately 74.63% of the issued share capital of our Company. Our Shareholders will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholders' action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in our control that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise substantial influence over us and cause us to enter into transactions or make decisions that conflict with the best interests of our other Shareholders.

### **RISKS RELATING TO THIS PROSPECTUS**

#### **Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon**

Certain facts, statistics, and data presented in the section headed "Industry overview" in this prospectus and elsewhere in this prospectus relating to the markets in which we operate of the consumer food service industry have been derived, in part, from various publications and industry-related sources prepared by government officials or Independent Third Parties and from the Euromonitor Report prepared by Euromonitor. The information in the section headed "Industry overview" in this prospectus has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates, directors or advisers, and no representation is given as to its completeness, accuracy or fairness. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

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## RISK FACTORS

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**Investors should read this prospectus in its entirety and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports regarding us, our business, our industry and the Global Offering**

There may be press and media coverage regarding us or the Global Offering, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and makes no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase the Shares, you should rely only on the financial, operational and other information included in this prospectus.

**Our future results could differ materially from those expressed or implied by the forward-looking statements**

Included in this prospectus are various forward-looking statements that are based on various assumptions. Our future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed “Forward-looking statements” in this prospectus.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### SATISFACTION OF THE MARKET CAPITALISATION/REVENUE TEST AND WAIVER UNDER RULE 8.05A OF THE LISTING RULES

Rule 8.05(3) of the Listing Rules requires that a new applicant relying on the market capitalisation/revenue test must satisfy each of the following criteria, unless waived by the Stock Exchange under Rule 8.05A of the Listing Rules:

- (a) a trading record of at least three financial years;
- (b) management continuity for at least the three preceding financial years;
- (c) ownership continuity and control for at least the most recent audited financial year;
- (d) a market capitalisation of at least HK\$4,000 million at the time of listing; and
- (e) revenue of at least HK\$500 million for the most recent audited financial year.

Pursuant to Rule 8.05A of the Listing Rules, in the case of the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules, the Stock Exchange will accept a shorter trading record period under substantially the same management as required under Rules 8.05(3)(a) and (b) of the Listing Rules if the new applicant is able to demonstrate to the Stock Exchange the satisfaction of the following:

- (i) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the listing document of the new listing applicant; and
- (ii) management continuity for the most recent audited financial year.

The majority of our executive Directors joined our Group after 1 April 2018 following the acquisition of our Group by Toridoll HK and accordingly, our Group is not able to satisfy the management continuity requirement under Rule 8.05(3)(b) of the Listing Rules, but we have complied with Rules 8.05A(1) and (2) of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.05(3)(b) of the Listing Rules on the following basis:

- (i) **Experience of the directors and senior management of our Company:** As demonstrated in the section headed “Directors and senior management”, each of our executive Directors and members of the senior management of our Group has more than three years of experience in the line of business and industry of our Group (being the food and beverage industry);
- (ii) **Management continuity for the most recent audited financial year:** each of our executive Directors and members of our senior management remained in our Group for the year ended 31 March 2021 (i.e. the most recent audited financial year) and up to the Latest Practicable Date;

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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- (iii) **Trading record of at least three financial years:** our Company has applied for the Listing with its financial results for the Track Record Period;
- (iv) **Ownership continuity and control for the most recent audited financial year:** our Group has been indirectly owned and controlled by Toridoll Japan since 31 January 2018 and up to the Latest Practicable Date. Save as disclosed in the section headed “History, development and corporate structure”, there has been no change in the ownership and control of our Group for the year ended 31 March 2021 and up to the Latest Practicable Date and it is expected that there will be no change upon the date of the Listing. As such, our Company satisfies the ownership continuity and control requirement under Rule 8.05(3)(c) of the Listing Rules;
- (v) **Market capitalisation:** our Company expects to have a market capitalisation of more than HK\$4,000 million at the time of the Listing and therefore satisfies the requirement under Rule 8.05(3)(d) of the Listing Rules; and
- (vi) **Adequate revenue:** our Company’s total revenue for the year ended 31 March 2021 amounted to HK\$1,794.7 million, which is more than HK\$500 million and therefore satisfies the requirement under Rule 8.05(3)(e) of the Listing Rules.

### CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected transactions — Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders’ approval requirements” in this prospectus. Please refer to the section headed “Connected transactions” in this prospectus for details.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the **GREEN** Application Form and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees, advisers or representatives or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as at any subsequent time.

### UNDERWRITING

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, on a conditional basis. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The Global Offering is managed by the Joint Global Coordinators.

If, for any reason, the final Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" of this prospectus.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### SELLING SHAREHOLDER

As part of the Global Offering, the Selling Shareholder will offer up to 50,251,000 Sale Shares for sale if the Over-allotment Option is exercised in full. Assuming the full exercise of the Over-allotment Option and an Offer Price of HK\$3.75 per Share, which represents the mid-point of the indicative Offer Price range, we estimate that the net proceeds to the Selling Shareholder from the Sale Shares (after deduction of proportional underwriting commissions and fees (including the incentive fee and assuming full payment) payable by the Selling Shareholder) will be approximately HK\$181.3 million. We will not receive any of the proceeds from the sale of the Sale Shares pursuant to the exercise of the Over-allotment Option. See “Appendix IV — E. Other Information — 11. Selling Shareholder” for details.

### RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Offer Shares described in this prospectus and/or the **GREEN** Application Form, and that he/she is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the **GREEN** Application Form may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly in China or the U.S..

Prospective investors for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, our Shares in issue (including any Sale Shares which may be sold upon exercise of the Over-allotment Option), Shares to be issued under the Global Offering, and any Shares to be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or options which may be granted under the Post-IPO Share Option Scheme.

Except that we have applied for the Listing to the Stock Exchange, no part of our Shares or loan capital of our Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

### **ELIGIBILITY FOR ADMISSION INTO CCASS**

Subject to the granting of the approval of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Prospective investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Prospective investors for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in or exercise of any rights in relation to the Shares. It is emphasised that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, advisers or representatives or any other party involved in the Global Offering accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Offer Shares, or the exercise of any rights in relation to the Offer Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. Please refer to "Statutory and general information — E. Other information" in Appendix IV to this prospectus for further details.

Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders of the Shares, the first-named holder.

### PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out under the section headed "How to apply for the Hong Kong Offer Shares" in this prospectus.

### OVER-ALLOTMENT AND STABILISATION

Further details of the arrangements relating to stabilisation and the Over-allotment Option are set out in "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilisation". Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

### STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out under the section headed "Structure of the Global Offering" in this prospectus.

### COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 7 October 2021, it is expected that the dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 7 October 2021. Our Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 2217.

Our Company will not issue any temporary documents of title.

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be available on the Stock Exchange's teletext page information system. Delivery and payment for Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("T+2"). Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Only certificates for Shares registered on our register of members in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

### LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**DIRECTORS**

<u>Name</u>	<u>Residential address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
Mr. Lau Tat Man (劉達民)	57/F, Room B, Block 1 Coastal Skyline 12 Tung Chung Waterfront Road Tung Chung, Lantau Island Hong Kong	Chinese
Ms. Chan Ping, Rita (陳萍)	G/F, Hong Lok Villa No. 331 Wai Tau Tsuen Tai Po, N.T. Hong Kong	Chinese
Mr. Lee Yuk Hang (李育恒)	Flat G, 23/F, Block 12 Mayfair Gardens 2-16 Sai Shan Road Tsing Yi, N.T. Hong Kong	Chinese
<b>Non-executive Directors</b>		
Mr. Tanaka Kimihiro (田中公博)	W1107 Osaki West City Towers 2-9-2 Osaki Shinagawa-ku Tokyo 141-0032 Japan	Japanese
Mr. Sugiyama Takashi (杉山孝史)	4-22-5, Okusawa Setagaya-ku Tokyo 158-0083 Japan	Japanese
Mr. Shinkuma Satoshi (新熊聡)	Green Hills 204 4-2-13, Takadanobaba Shinjuku-ku Tokyo 169-0075 Japan	Japanese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Independent Non-executive Directors

Mr. Loo Kwok Wing (盧國榮)	Flat B, 19/F, Block 1 Braemar Hill Mansions 15 Braemar Hill Road North Point Hong Kong	Chinese
Mr. Lee Kwok Ming (李國明)	25A, Harbourview Garden 337-339 Prince Edward Road West Kowloon Hong Kong	British
Mr. Yeung Yiu Keung (楊耀強)	Flat M1, 3/F Hing Wah Mansion 1 Babington Path Mid-Levels Hong Kong	Chinese

Further information about our Directors and other senior management members are set out in the section headed “Directors and senior management” in this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### Sole Sponsor

**Guotai Junan Capital Limited**  
26–28/F, Low Block, Grand Millennium Plaza  
181 Queen’s Road Central  
Hong Kong

#### Joint Global Coordinators

**Guotai Junan Securities (Hong Kong) Limited**  
26–28/F, Low Block, Grand Millennium Plaza  
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**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

#### Joint Bookrunners

**Guotai Junan Securities (Hong Kong) Limited**  
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**China International Capital Corporation  
Hong Kong Securities Limited**  
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**Daiwa Capital Markets Hong Kong Limited**  
Level 28, One Pacific Place  
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**China Tonghai Securities Limited**  
18/F–19/F China Building  
29 Queen’s Road Central  
Hong Kong

**ABCI Capital Limited**  
11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Joint Lead Managers

**Guotai Junan Securities (Hong Kong) Limited**  
26–28/F, Low Block, Grand Millennium Plaza  
181 Queen’s Road Central  
Hong Kong

**China International Capital Corporation  
Hong Kong Securities Limited**  
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**China Tonghai Securities Limited**  
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**ABCI Securities Company Limited**  
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Hong Kong

### Financial adviser

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### Legal advisers to our Company

*As to Hong Kong law:*

**Sidley Austin**  
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Central  
Hong Kong

*As to Hong Kong law:*

**Mr. Foster H.C. Yim**  
*Barrister-at-law*  
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18 Harcourt Road  
Admiralty  
Hong Kong



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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*As to PRC law:*

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3F-4F, Block A  
Shenzhen International Innovation Center  
No. 1006, Shennan Boulevard  
Futian District  
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PRC

*As to Singapore law:*

**Drew & Napier LLC**  
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Singapore 049315

**Legal advisers to the Sole Sponsor and the Underwriters**

*As to Hong Kong law:*

**Deacons**  
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**Auditors and reporting accountants**

**KPMG**  
8th Floor, Prince's Building  
10 Chater Road  
Central  
Hong Kong

**Industry consultant**

**Euromonitor International Limited**  
60–61 Britton Street  
London  
EC1M 5UX  
United Kingdom

**Receiving banks**

**Bank of China (Hong Kong) Limited**  
1 Garden Road  
Hong Kong

**Hang Seng Bank Limited**  
83 Des Voeux Road Central  
Hong Kong

**Standard Chartered Bank (Hong Kong) Limited**  
18/F, Standard Chartered Tower  
388 Kwun Tong Road  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Unit B on the 9th Floor and Unit B on the 10th Floor of D2 Place ONE No. 9 Cheung Yee Street Cheung Sha Wan Kowloon Hong Kong
<b>Company's website</b>	<b><u><a href="http://www.tamjai-intl.com">www.tamjai-intl.com</a></u></b> <i>(the information contained in this website does not form part of this prospectus)</i>
<b>Company secretary</b>	<b>Ms. Wong Virginia</b> (ACG, ACS) Unit B on the 9th Floor and Unit B on the 10th Floor of D2 Place ONE No. 9 Cheung Yee Street Cheung Sha Wan Kowloon Hong Kong
<b>Authorised representatives</b>	<b>Ms. Chan Ping, Rita</b> G/F, Hong Lok Villa No. 331 Wai Tau Tsuen Tai Po, N.T. Hong Kong  <b>Ms. Wong Virginia</b> Unit B on the 9th Floor and Unit B on the 10th Floor of D2 Place ONE No. 9 Cheung Yee Street Cheung Sha Wan Kowloon Hong Kong
<b>Compliance adviser</b>	<b>China Tonghai Capital Limited</b> 18/F–19/F, China Building 29 Queen's Road Central Hong Kong
<b>Audit Committee</b>	Mr. Lee Kwok Ming ( <i>Chairman</i> ) Mr. Yeung Yiu Keung Mr. Loo Kwok Wing
<b>Remuneration Committee</b>	Mr. Loo Kwok Wing ( <i>Chairman</i> ) Mr. Lau Tat Man Mr. Yeung Yiu Keung Mr. Lee Kwok Ming

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## CORPORATE INFORMATION

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**Nomination Committee**

Mr. Lau Tat Man (*Chairman*)  
Mr. Yeung Yiu Keung  
Mr. Loo Kwok Wing  
Mr. Lee Kwok Ming

**Hong Kong Share Registrar**

**Computershare Hong Kong Investor Services Limited**  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
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Wanchai  
Hong Kong

**Principal banks**

**Hang Seng Bank**  
83 Des Voeux Road Central  
Hong Kong

**The Hongkong and Shanghai Bank Corporation Limited**  
1 Queen’s Road Central  
Hong Kong

**Bank of China (Hong Kong) Limited (Kowloon Plaza Branch)**  
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485 Castle Peak Road  
Kowloon  
Hong Kong

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## INDUSTRY OVERVIEW

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*The information that appears in this section has been prepared by Euromonitor International Limited (“Euromonitor”) and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Global Coordinators, the Underwriters or any other party involved in the Global Offering and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.*

### FORECASTING BASES AND ASSUMPTIONS

Euromonitor prepared the Euromonitor Report based on the following assumptions: (i) the economies of Hong Kong, Mainland China, Singapore, Japan and Australia are expected to maintain steady recovery over the forecast period (2020–2025), having taken into consideration the effects of the COVID-19 pandemic and other external factors (ii) there will be no further external shock, such as a financial crisis or supply chain disruptions, that affects the supply and service of the consumer food service industry during the forecast period in Hong Kong, Mainland China, Singapore, Japan and Australia; (iii) and key market drivers such as the global economy’s recovery from the COVID-19 pandemic and positive consumer sentiment regarding dining out are expected to boost the development of the consumer food service market in Hong Kong, Mainland China, Singapore, Japan and Australia.

### CLASSIFICATION OF THE CONSUMER FOOD SERVICE INDUSTRY

The consumer food service industry consists of catering establishments or restaurants that prepare and serve food and beverages that are ready for consumption to customers. Meals are generally served within these establishments where takeaway and food delivery services are also offered. The consumer food service industry can be split into the following sub-categories: Fine Dining Restaurants, Casual Restaurants, Quick Service Restaurants and Other Catering Establishments. Bakeries are excluded from the definitions of consumer food service industry.

- **Fine Dining Restaurants** refer to restaurants that serve high quality food with full table services such as seating, ordering of food and service of meals through wait staff for customers by the table. Reservations are also available upon request. Fine Dining Restaurants generally offer a higher-end dining setting and customers generally have longer mealtimes as compared to Casual Restaurants. Menus, often encompassing set lunches and dinners, typically offer a variety of complex food preparation styles and higher food quality, which attribute to higher menu prices than those in Casual Restaurants.

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## INDUSTRY OVERVIEW

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- **Casual Restaurants** refer to catering establishments that serve moderately priced food with table service in a casual dining environment. Compared to Fine Dining Restaurants, Casual Restaurants also have more flexible food service times, longer business hours, faster turnaround times per customer, and higher traffic. Casual restaurants are separated into the following two categories:
  - **Fast Casual Restaurants** offer the convenience that quick service restaurants have, but with higher prices and food quality. Compared to Premium Casual Restaurants, Fast Casual Restaurants emphasise on lower cost meals and offer limited or no table service, which is generally more suited for individual or small-group dining, and the consumer turnover of Fast Casual Restaurants is higher as mealtimes are often shorter. Payment at Fast Casual Restaurants are often made at the counter either before or after the meal. Examples of this segment include fast and affordable noodle restaurants such as our Group, as well as Cha Chaa Tengs, café and bars.
  - **Premium Casual Restaurants** adopt more upscale settings than Fast Casual Restaurants with menus marketed at a higher price point since the emphasis is placed on higher food quality, taste, service and experience. Premium Casual Restaurants usually offer full table service with payments taken at the end of the meal by the wait staff. The dining setting is more suitable for large group gatherings and mealtimes are generally longer than fast casual restaurants. Examples include teahouses, dim sum parlours, and full service casual Chinese and Western restaurants.
- **Quick Service Restaurants** refer to establishments that provide fast and consistent food services at economical prices, typically with no table service in a simple dining environment. Payments are taken at the time of order and mealtimes are short. Menus often require minimal preparation, which attributes to low menu pricing. Many Quick Service Restaurants have implemented digital ordering systems to facilitate orders, preparation and service with speed and efficiency.
- **Other Catering Establishments** include takeaway or delivery-only shops, hawker stalls, roadside vendors, ice cream parlours, food courts, event catering, convenience stores that sell prepared food, and establishments not otherwise described in the segments above.

### 1. OVERVIEW OF THE FOOD SERVICE INDUSTRY IN HONG KONG

#### **Consumer Food Service Industry Experienced Overall Positive Growth**

As a major international hub, Hong Kong has a vibrant culinary scene that offers a wide variety of food and dining experiences from cultures all over the world. Between 2016 and 2019, the total revenue of the consumer food service industry in Hong Kong increased from HK\$116.6 billion to HK\$121.1 billion. The consumer food service industry experienced a healthy growth between 2016 to 2018, the industry saw a weakened performance in late 2019 as consumer spending on food service declined due to incidents of social movements in key business areas which resulted in a downturn in tourism, corporate events and domestic spending. Furthermore, the consumer food service industry was heavily impacted by the coronavirus outbreak in 2020, resulting in a significant drop in total revenue from HK\$121.1 billion in 2019 to HK\$78.5 billion in 2020. This represented a CAGR of -9.4% from 2016 to 2020 for the consumer food service industry in Hong Kong.

### **Positive Outlook for Food Service Industry in Short and Medium Term**

The consumer food service industry in Hong Kong is projected to grow at a healthy CAGR of 10.1% between 2020 and 2025, reaching a total revenue of HK\$126.7 billion in 2025. In Hong Kong, consumer food service is considered as a necessity spending for the majority due to the hectic lifestyles adopted by the local populous. The recovery in the consumer food service industry is driven by the recovery spending from consumers as they adjust to the “new norm” imposed by the COVID-19 pandemic. Nonetheless, the forecasted growth is expected to be aligned with the recovery of the Hong Kong economy and the effectiveness of the Hong Kong government’s measures to contain the COVID-19 pandemic, which both have direct impacts to the overall consumer sentiment.

The Hong Kong government has introduced measures aiming at stimulating the economy by supporting local businesses and their costs in running operations especially within the consumer food service industry. There have been four rounds of subsidy schemes so far with the latest round of applications that ended on 28 January 2021. The fund draws on the Anti-epidemic Fund (AEF) and offers various levels of one-off subsidy ranging from HK\$100,000 to HK\$500,000 depending on the floor area of the licensed premise. The earlier rounds have provided HK\$6.3 billion in subsidies for catering businesses and the fourth round of the AEF subsidy scheme is expected to provide an additional HK\$3.4 billion for catering businesses in need. In addition, the Hong Kong government’s rollout of the COVID-19 immunisation programme in March 2021 as well as the COVID-19 control measures implemented by the government throughout the pandemic period are expected to play a large role in the recovery of Hong Kong economy and consumer food service industry as its success will further lax social distancing measures. In April 2021, the Hong Kong government announced a road map for easing COVID-19 restrictions on restaurants. The plan, which consists of three stages, will allow varying degrees of social distancing for restaurants depending on vaccination status of customers and staff.

### **The Recovery of the Tourism Sector will drive Recovery of Consumer Food Service Industry in the Medium and Long Term**

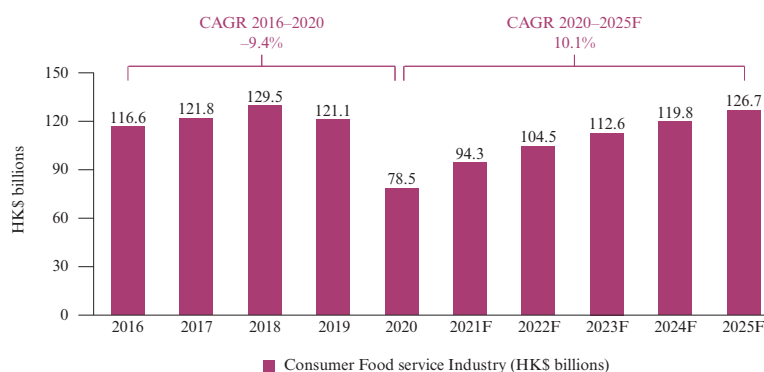
Hong Kong’s consumer food service has suffered during COVID-19 as consumers became more cautious of dining outside due to the strict social distancing measures imposed on restaurants and inbound tourism was restricted in Hong Kong due to the border closure, among other reasons. Restaurants in Hong Kong were required by the Hong Kong government to limit their operating hours. The border closure policy also played a major role in the decline of total retail revenue of the consumer food service industry in 2020. Between 2019 to 2020, the number of inbound arrivals decreased by 94.3%, having an overall negative impact on Hong Kong’s economy, including the consumer food service industry. However, it is expected that the COVID-19 situation in Hong Kong will continue improving between 2021 to 2025 and the resumption and recovery of the travel sector are expected to play a key role in the recovery of the consumer food service industry in Hong Kong. According to Euromonitor, between 2020 and 2025, the number of trips of inbound tourists from Mainland China is expected to increase from 0.9 million trips to 19.4 million trips, almost returning to the level before the outbreak of COVID-19. Besides the gradual relaxation of the borders closure policy of the Mainland China, the recovery of inbound Mainland Chinese tourists will also be driven by government initiatives in the short term such as the Come2hk and the Return2hk schemes. The Come2hk scheme is set to allow non-Hong Kong residents (including Mainland Chinese and expatriates who live and work in Mainland China) to enter Hong Kong without compulsory quarantine, while the Return2hk scheme would provide quarantine exemptions for Hong Kong residents returning

## INDUSTRY OVERVIEW

from the Mainland China. These schemes will inevitably play a major role in the full recovery of the consumer food service in Hong Kong as Chinese consumers are expected to resume expenditure in the local market. Between 2020 to 2021, it is expected that inbound trips from Mainland China would increase by 566.0%, reaching 5.9 million trips in 2021.

Besides the recovery of the tourism industry of Hong Kong, other main growth drivers of the consumer food service industry include (i) the growing consumer demand for convenient, affordable and high quality meals; (ii) the recovery and increase of domestic dine-in customers in the consumer food service industry; (iii) the growing trend of restaurants acclimatising their business models to adapt to the changing habit of the customers to order online food deliveries; and (iv) the increasing number of Mainland Chinese tourists in the short term.

**Table 1 Total Retail Sales Value of Consumer Food Service Industry in Hong Kong (2016–2025F)**



*Source: Euromonitor Passport Data (<Consumer Food service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

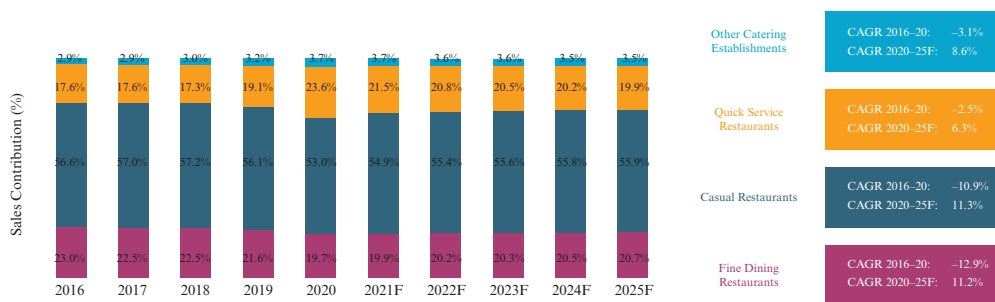
### Casual Restaurants Made Up the Largest Consumer Food Service Category by Revenue

The consumer food service industry can be split into the following four sub-categories: Fine Dining Restaurants, Casual Restaurants, Quick Service Restaurants and Other Catering Establishments. Casual Restaurants represented the largest of the four, accounting for over half of the total revenue generated in the consumer food service industry in 2020. This was followed by Quick Service Restaurants and Fine Dining Restaurants which represented 23.6% and 19.7% of the industry respectively in 2020. The Other Catering Establishments category was the smallest by revenue, accounting for 3.7% of the industry in 2020.

Casual Restaurants appeal to many consumers with their variety of cuisine offerings and relatively affordable prices. Average spending on a meal within this category can range from HK\$50 to HK\$300. Compared to Fine Dining Restaurants, Casual Restaurants also have more flexible food service times, longer business hours, faster turnaround times per customer, and higher traffic.

## INDUSTRY OVERVIEW

**Table 2 Restaurant Revenue in Hong Kong split by sub-categories (2016–2025F)**



Source: Euromonitor Passport Data (<Consumer Food service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### 1.1 Overview of Casual Restaurants in Hong Kong

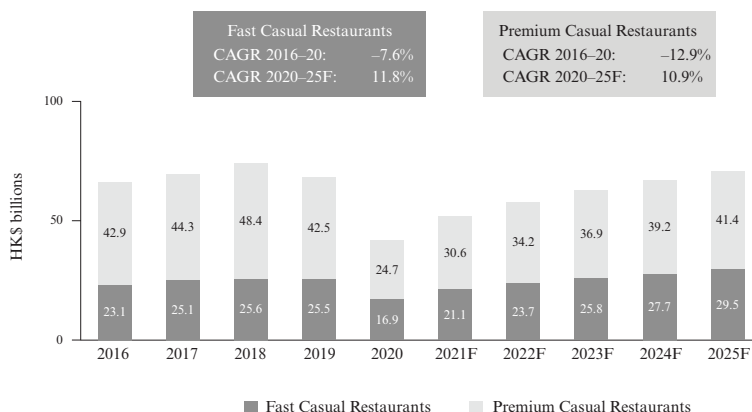
#### *Growth of Fast Casual Restaurants Outpaces Premium Casual Restaurants*

Premium Casual Restaurants accounted for 59.4% of the total revenue of Casual Restaurants while Fast Casual Restaurants accounted for the remaining 40.6% of the total revenue of Casual Restaurants in 2020. Although Fast Casual Restaurants accounted for a smaller portion, it grew at a higher rate between 2016 and 2019 with a CAGR of 3.3%, as opposed to the CAGR of -0.3% for Premium Casual Restaurants during the same period. The Casual Restaurants segment has been hindered by the COVID-19 impact on Premium Casual restaurants, which is expected to take longer to recover to 2019 levels. Fast Casual Restaurants, on the other hand, is expected to see recovery by 2023 and drive growth for the entire Casual Restaurants segment with faster growth than Premium Casual Restaurants. Fast Casual Restaurants are also expected to outpace the rest of the consumer food service categories with a CAGR of 11.8% between 2020 and 2025, as compared to 10.1% for the entire consumer food service industry. Fast Casual Restaurants will continue to benefit from the ongoing trend of consumers enjoying a standard of convenient and freshly prepared meals with value for money. In addition, due to the COVID-19 social distancing measures such as restriction on large group dining, Fast Casual Restaurants have demonstrated more resilience than Premium Casual Restaurants and Fine Dining Restaurants as Fast Casual Restaurants are more suitable for individual and small group dining and typically have more operational flexibility in terms of operational hours, staffing, takeaway and delivery orders to adjust to COVID-19 control measures.



## INDUSTRY OVERVIEW

**Table 3 Casual Restaurants Revenue in Hong Kong, (2016–2025F)**

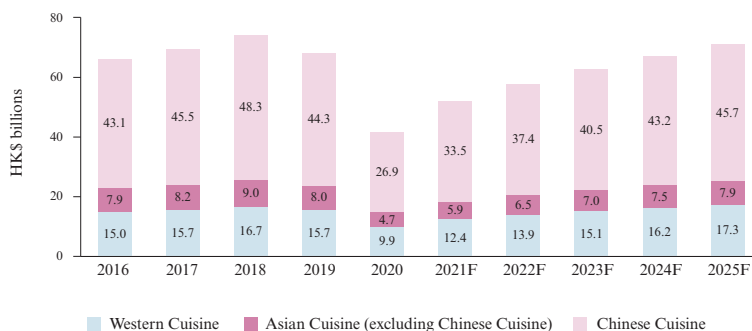


Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### Asian Cuisine Made Up Most of the Casual Restaurants Segment

Within the Casual Restaurants category, Asian restaurants, including Chinese cuisine restaurants, accounted for the major portion of the market, representing a market share of 76.2% in 2020, while Western restaurants accounted for the remaining 23.8% in 2020. Amongst Asian restaurants, Chinese cuisine restaurants contributed 85.0% of the sales while other Asian cuisine restaurants such as Japanese, Thai and Korean accounted for the remaining 15.0% market share of Asian restaurants in 2020. This was mainly due to the strong cultural heritage in Hong Kong and the fact that Chinese food, especially those offered at casual Asian noodle specialty restaurants, is sold at affordable prices whilst being freshly and quickly prepared, thus appealing to much of the Hong Kong population. The comparatively low-price points and fast turnaround times have further cemented Asian noodle specialty restaurants as a popular staple dining option rather than a trendy meal option. In terms of classification, our Group operates within the Asian restaurant segment which is inclusive of Chinese cuisine restaurants.

**Table 4 Casual Restaurants Revenue Split by Cuisine Type in Hong Kong, (2016–2025F)**



Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### *1.2 Drivers for Fast Casual Restaurants in Hong Kong*

#### *High Demand for Fast Casual Restaurants as Consumers Look for A Balance Between Quality and Price*

Between 2016 and 2019, there had been an increasing demand for more affordable dining options which has driven the revenue of Fast Casual Restaurants to grow from HK\$23.1 billion in 2016 to HK\$25.5 billion in 2019, representing a CAGR of 3.3%. Although the revenue of Fast Casual Restaurants was set back to HK\$16.9 billion in 2020, the extent of decline in percentage terms was still less than that for Premium Casual Restaurants. While Hong Kong consumers are generally cost conscious, they are willing to pay more for better quality as compared to cheaper meals that are of lower quality. Fast Casual Restaurants are perceived to strike a balance between quality and price as compared to other dining segments, such as the high quality but expensive offering of Fine Dining Restaurants and the cheap but low quality offering of Quick Service Restaurants. In addition, the weakened economy driven by the COVID-19 pandemic has pushed consumers who would typically visit Premium Casual Restaurants to dine more at Fast Casual Restaurants due to convenience, more cost effective meals and the limitation of dining options in areas near or within residential areas. Upscale dining at Premium Casual and Fine Dining Restaurants focus on the dining experience and result in a longer dining time than Fast Casual Restaurants. Due to the uncertainties experienced during the COVID-19 pandemic, planning ahead and enjoying longer meals may have been a luxury many diners could not afford as transportation to and from these restaurants could be disrupted. Instead, Fast Casual Restaurants which also have more outlets than Premium Casual Restaurants could offer the spontaneity and convenience that diners prioritised during this period.

#### *Having A Busy Lifestyle Prompts Consumers to Dine Out or Order takeaway*

As an international hub, Hong Kong people are known for working long hours and leading a busy lifestyle. According to the 2020 Report on Annual Earnings and Hours Survey published by the Census and Statistics Department, the median weekly working hours of Hong Kong employees were 42.8 hours in 2020. Due to long working hours, it is common for office workers and households to prioritise convenience when selecting dine-out or takeaways options in favour of cooking meals at home. The process of buying groceries, cooking and cleaning after the meal may not be an ideal trade off due to the amount of effort and time spent. As a result, Fast Casual Restaurants, which serve food quickly and have an efficient checkout process, are favoured by busy consumers, office workers and other workers who are seeking for a quick and filling meal. Asian noodle specialty restaurants, which includes Chinese cuisine noodle restaurant such as Mixian, are popular options within Fast Casual Restaurants as many fit the convenient requirement and appetite of busy workers.

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## INDUSTRY OVERVIEW

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### *Customisation from Fast Casual Restaurants and Quick Service Restaurants Offer Unique Dining Experiences*

Hong Kong generally has a high proportion of consumers who dine at restaurants due to the convenience and wide variety of cuisine options. While these have been strong reasons for dining out, some Fast Casual and Quick Service Restaurants have incorporated the element of customisation into their dining experience. Chain Fast Casual Restaurants, such as our Group, allow consumers to choose ingredients, soup base and even spiciness level to match their preference, and Quick Service Restaurants, such as certain burger restaurant, allows consumers to create their preferred burger meals through some customisation option. These elements of customisation not only cater to a wide variation of diets, but also done in a cost-effective manner and enable consumers to enjoy unique dining experiences which offset brand fatigue, further boosting consumer loyalty.

### *Online Food Delivery Grows During the Covid-19 Pandemic and expected to become a New Normal*

Between 2019 and 2020, dine-in revenue remained to be the largest contributor to the revenue of Hong Kong consumer food service industry, even though dine-in revenue recorded a sharp decline in 2020, dropping from 85.9% to 57.9%. The sharp decline was due to the effects of COVID-19 where consumers were switching to order food through delivery and takeaway platforms. Between 2019 and 2020, the food delivery and takeaway proportion of the Hong Kong consumer food service industry increased from 14.1% to 42.1%.

Between 2016 and 2020, the total consumer food service revenue generated by delivery and takeaway grew from HK\$14.1 billion to HK\$33.0 billion, representing a CAGR of 23.7%. The Fast Casual Restaurants and Quick Service Restaurants are the main contributors to delivery service as the style of food is not contingent upon meticulous preparation, plating and service as opposed to upscale dining such as Fine Dining Restaurants and Premium Casual Restaurants. Traditionally, food delivery is made through offline channels such as in-person takeaways or phone orders, however in recent years due to technological advancements and smart phone adoption, there has been a growing presence of online food ordering. Revenue generated by online food ordering grew from HK\$1.2 billion to HK\$15.7 billion between 2016 to 2020, representing a CAGR of 91.5%.

The overall rise in food delivery is a testament to how Hong Kong consumers prefer convenience and efficiency. Between 2016 and 2020, major food delivery operators such as Deliveroo, Foodpanda and Uber Eats launched promotional campaigns and utilised local key opinion leaders to draw awareness towards online food delivery. The rollout of mobile apps operated by these food delivery operators, which integrates online ordering from

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## INDUSTRY OVERVIEW

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food service and food delivery through third-party logistics, has also made the process more convenient by lowering previous challenges of this service such as ordering only from a web browser. Food delivery has become popular in 2020, as outings and social gatherings were minimised to prevent the COVID-19 infections. There has also been an increasing demand for food deliveries in areas outside the central business districts as businesses have adopted “work-from-home” arrangements due to the COVID-19 pandemic. During this period, food delivery operators saw a significant boost in demand in Hong Kong. As many consumers become accustomed to online food ordering, the habit spurred by the convenient aspect of the process may become long lasting post the COVID pandemic and lead to a higher proportion of online food orders than before.

### ***1.3 Challenges for Fast Casual Restaurants in Hong Kong***

#### *High Rental Costs, Rising Wages and Fierce Competition Erode Restaurants' Profit Margins*

Rental and labour costs are key components of a restaurant's operating costs. In general, rent costs account for more than 30% of the total operating costs of a restaurant in Hong Kong. Rental costs for retail premises increased in 2017 and 2018, according to data from the Rating and Valuation Department of Hong Kong. Although retail rents declined in 2020, rent costs in Hong Kong remained high and continued to exert financial pressure on restaurants, particularly in light of the difficult business environment they experienced in 2019 and 2020. Labour costs increased between 2016 and 2020, as shown in the increase in the median monthly wages of restaurant staff at a CAGR of 3.6% to reach HK\$13,600 in 2020. From May 2019, the Statutory Minimum Wage rate was raised to HK\$37.5 an hour, an 8.7% rise from the previous level of HK\$34.5. The increase was projected to add an extra HK\$700 million a year to the expenses of the entire business sector. This has impacted the profitability of restaurant operators and has prompted more strategic initiatives such as meal sets and special menu offerings as ways to grow business amidst rising costs.

#### *Fierce Competition in the Consumer Food Service Market*

The Hong Kong Consumer Food Service industry landscape is fragmented and highly competitive. Hong Kong has one of the highest concentrations of restaurants per capita in the world. This means more choices for consumers and also a higher established standard of quality expected by consumers. Within the Fast Casual Restaurants segment, Asian noodle offerings are also becoming more diverse. While ramen and Chinese noodle, including mixian, are the most popular cuisine types in this segment, there is increasing diversity in noodle types from other Asian regions, such as Vietnamese Pho, Taiwanese beef noodles and Thai boat noodles. The introduction of more noodle choices means a more diluted consumer base for the previously established Chinese noodles and ramen consumer market. However, ramen and Chinese noodles remain popular with new product and flavour offerings to entice consumers.

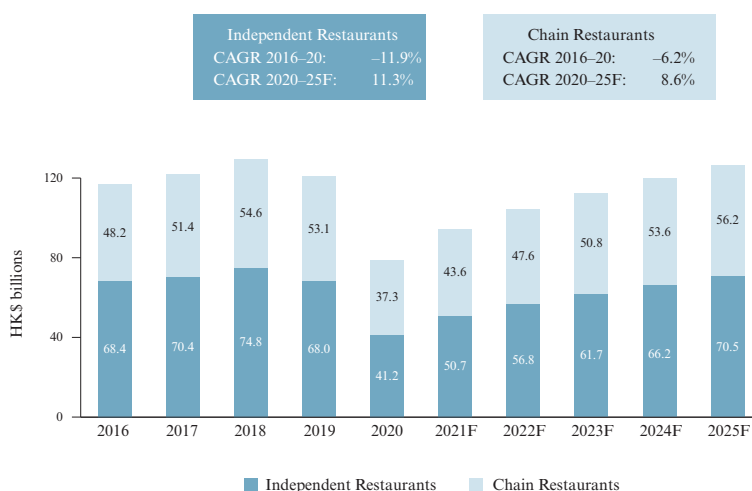
## INDUSTRY OVERVIEW

### 1.4 Business Model and Operational Costs of the Hong Kong Consumer Food Service industry

*Chain Restaurants have had a Significant Share of Consumer Food Service Industry and Higher Growth Rate than Independent Restaurants*

Chain restaurants represent a significant proportion of restaurants in Hong Kong. In 2020, chain restaurants generated a total revenue of HK\$37.3 billion, accounting for a market share of 47.5%, whilst independent restaurants generated HK\$41.2 billion, accounting for a market share of 52.5%. Although the overall market share of chain restaurants was still smaller than that of independent restaurants, the CAGR of chain restaurants between 2016 to 2019 was higher than that of the independent restaurants. The high growth rate of chain restaurants was attributable to the high levels of standardisation and consistency in their menus, food quality, level of service and atmosphere across the outlets, which helps to achieve operational efficiency. The purchase of food ingredients in bulk also helps to reduce the per unit cost of ingredients, thus offering competitive pricing and ensuring a stable supply. These factors have made chain restaurants more resilient to the challenges faced by the overall consumer food service industry in late 2019 and 2020. Both the 2019 social movements in the latter half of 2019 and COVID-19 pandemic have distorted consumer expenditure, and independent restaurants were more impacted than chain restaurants. Between 2020 and 2025, independent restaurants are expected to record a CAGR of 11.3% to reach HK\$70.5 billion revenue, while chain restaurants are expected to record a CAGR of 8.6% to reach HK\$56.2 billion during the same period. Within chain restaurants, certain brands have a large tourist consumer base which has severely impacted business in 2020 due to COVID-19 pandemic shutting off borders. For our Group, there has not been a large decline in revenue year on year. This can be attributed to a strong local demand for the brand and strategic partnerships with food delivery operators.

**Table 5 Chain and Independent Restaurants Revenue in Hong Kong, (2016–2025F)**



Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >)

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## INDUSTRY OVERVIEW

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### *Chain Asian Noodle Specialty Restaurants Adopt Centralised Operations*

Asian noodle specialty restaurants in Hong Kong are typically categorised as Fast Casual Restaurants due to the nature of the restaurants. Asian noodle specialty restaurants are generally more suitable for individual or small group dining and typically use a combination of both fresh and processed toppings to prepare quick and affordable meals. Larger chain Asian noodle specialty restaurants such as our Group typically operate their business with a central kitchen where soup bases, sauces, marinades and other food ingredients are prepared for all the outlets in Hong Kong, ensuring consistency in the taste and quality of food among the outlets and reduce the overall time and costs of food processing through economies of scale. Most Asian noodle specialty restaurants have designed their menu items such that it can be prepared under relatively simple procedures at restaurant locations, in order to reduce reliance on highly experienced chefs and reduce food preparation time.

The main costs components for Asian noodle specialty restaurants are labour costs, rent and rates, and ingredient costs. Typical staff required in an Asian noodle specialty restaurant include a restaurant manager, cooks, kitchen workers, cashier and waiters/waitresses. It is also common for chain Asian noodle specialty restaurants to adopt a centralised procurement policy under which the procurement department is responsible for purchasing the food ingredients for all the outlets. This allows the chain restaurants to enjoy greater bargaining power when negotiating with suppliers and maintain consistency in the quality of ingredients.

### *Fast Casual Restaurants have Remained Resilient during Uncertain Times*

Fast Casual Restaurants have remained resilient during the COVID-19 outbreak due to its affordable price point, relatively high volume turnover and flexible business model, such as high adaptability to delivery services. According to the Euromonitor Survey, a vast majority of respondents mentioned that they dine in or order takeaways and delivery from Fast Casual Restaurants more frequently than from Premium Casual Restaurants. Not only are Fast Casual Restaurants able to offer cheaper meal options than Premium Casual Restaurants, but also prepared with higher quality food ingredients than Quick Service Restaurants, which enable Fast Casual Restaurant meals to be considered as a staple dining option, acceptable to be eaten multiple times throughout the week for many consumers. In contrast, most Premium Casual Restaurants are more expensive and cannot be considered as a recurring meal throughout the week. Furthermore, a significant portion of Fast Casual Restaurants have adopted offline delivery or takeout services prior to the COVID-19 and hence have the infrastructure in place to easily adopt an online food delivery model during the pandemic. As a result, Fast Casual Restaurants have demonstrated higher resilience than other dining segments such as Fine Dining and Premium Casual Restaurants.

## INDUSTRY OVERVIEW

### *Labour Costs in Hong Kong's Consumer Food service Industry Increased Steadily*

Labour costs of the consumer food Service industry increased steadily between 2016 and 2020, with median monthly wages of restaurant staff rising from HK\$11,800 to HK\$13,600.

**Table 6 Labour Cost (2016–2020)**

<b>HK\$</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–20</b>
Median monthly wages of restaurant staff*	11,800	12,400	13,100	13,800	13,600	3.6%

*Source: Census and Statistics Department of Hong Kong*

\* The above does not include the Mandatory Provident Fund. The catering industry follows a different MPF scheme due to the highly fluid nature of these industries.

### *Ingredient Costs Rose in Hong Kong due to Rising Food Prices in Mainland China*

Hong Kong relies heavily on Mainland China as an important food source especially for fresh food. According to the Food and Health Bureau, more than 90% of fresh pork, fresh beef and vegetables in Hong Kong were imported from Mainland China in 2020. Between 2016 and 2020, the prices of major raw materials such as meat, vegetables, fish and seafood, had been increasing in Hong Kong due to the rising prices of fresh food in Mainland China. Rice noodles (including mixian) typically originates from Mainland China. Compared with other noodles (such as egg noodles and fine shrimp noodles), rice noodles are typically categorised at a lower price tier. Between 2016 to 2020, the price of rice noodles has remained stable due to the staple nature of the product.

**Table 7 Consumer Price Index Indicators in Hong Kong (2016–2020)**

<b>Price Index (2010 = 100)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–20</b>
Consumer Price Index (CPI)	125.9	127.8	130.8	134.6	135.0	1.8%
Index of Food and Non-Alcoholic Beverage Prices	129.4	131.8	137.6	139.9	141.6	2.3%
Index of Meat Prices	135.8	139.3	144.8	148.3	150.8	2.7%
Index of Fish and Seafood Prices	153.9	156.2	166.3	171.5	174.4	3.2%
Index of Vegetables Prices	126.1	122.3	128.4	132.3	134.0	1.5%
Index of Other Food Prices	111.0	115.0	119.5	118.2	118.9	1.7%

*Source: Euromonitor Passport Data (< Economies and Consumers Annual Data, 2021 Edition >), sourced from Census and Statistics Department of Hong Kong*

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## INDUSTRY OVERVIEW

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### *Retail Rent Declined in 2020 as Lockdown Restrictions Curtail Demand for Retail Space*

Between 2016 and 2020 the average monthly private property rent on Hong Kong Island, Kowloon and New Territories all recorded an overall decline, which was largely due to a substantial decline in retail rent in 2020. The average monthly rent for retail premises in the major districts in Hong Kong rose between 2016 and 2018, as strong economic growth and consumer spending drove growth of the retail industry and demand for retail space. Retail rents stayed flat in 2019, followed by a significant decline in 2020 as retail activities contracted under lockdown measures, resulting in falling demand for retail space. To attract and maintain tenants, major retail landlords such as Hong Kong's biggest shopping centre, Harbour City, have offered rent concessions throughout 2020.

**Table 8 Retail Rent for Hong Kong (2016–2020)**

<b>Average private property rentals (per square foot) per month HK\$</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–2020</b>
Hong Kong	139.3	141.0	142.4	142.4	112.1	–5.3%
Kowloon	124.3	129.7	132.8	129.6	104.8	–4.2%
New Territories	120.8	123.1	125.5	125.6	108.3	–2.7%

*Source: Rating and Valuation Department of Hong Kong*

### **1.5 Consumer Food Service Competitive Landscape in Hong Kong**

#### *Fragmented Consumer Food Service Industry Shows Sign of Consolidation Led by Local Chain Players*

The Casual Restaurants category is fragmented and competitive, with the top five companies accounting for 23.3% of the total Casual Restaurants' market revenue in 2020. The five leading companies in the Casual Restaurants category were domestic establishments and have a strong Chinese cuisine restaurant portfolio. In terms of number of restaurants and revenue, our Group ranks third within the Casual Restaurants category in 2020, which supports consumer notion that the Tam Jai and SamGor brands are accessible and widely recognised. Between 2019 to 2020, our Group's market share within Casual Restaurants increased from 2.5% to 4.0%.



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## INDUSTRY OVERVIEW

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**Table 9 Casual Restaurants Competitive Landscape in Hong Kong, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Group A	A food and beverage company established in 1956, comprised of Chinese, Asian and European restaurants.	Private	8.0	390
2	Group B	A food and beverage company established in 1989, comprised of Chinese, and other Asian restaurants.	Listed on the Stock Exchange	5.3	148
3	<b>Our Group</b>			4.0	141
4	Group D	A food and beverage company established in 1991, comprised of Chinese restaurants.	Listed on the Stock Exchange	3.0	46
5	Group E	A food and beverage company established in 1992, comprised of Chinese, and other Asian restaurants.	Listed on the Stock Exchange	3.0	74
	Others			76.7	5,920

*Note\**: Market share rank is based on the revenue receipts from largest to smallest

*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

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## INDUSTRY OVERVIEW

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The Fast Casual Restaurants category is more consolidated than the Casual Restaurants category with the top five companies accounting for 31.3% of the Fast Casual Restaurants market revenue in 2020. In 2020, four out of the top five groups were domestic companies and four out of the five companies had more than 117 restaurants, emphasising the importance of Fast Casual Restaurants being easily available and located for consumers. In terms of number of restaurants, our Group ranks second within the Fast Casual Restaurants category in 2020.

**Table 10 Fast Casual Restaurants Competitive Landscape in Hong Kong, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Group B	A food and beverage company established in 1989, comprised of Chinese, and other Asian restaurants.	Listed on the Stock Exchange	11.7	135
2	<b>Our Group</b>			10.0	141
3	Group A	A food and beverage company established in 1956, comprised of Chinese, Asian and European restaurants.	Private	3.8	169
4	Group F	A food and beverage company established in 1967, comprised of Chinese restaurants.	Listed on the Stock Exchange	3.2	19
5	Group G	A Western styled coffee house chain established in 1992.	Private	2.6	117
	Others			68.7	2,655

*Note\**: Market share rank is based on the market share % from largest to smallest

*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

## INDUSTRY OVERVIEW

### *Asian Noodle Specialty Restaurants are Dominated by a Few Large Players*

In 2020, the Asian noodle specialty restaurant segment recorded a total sales value of HK\$2.6 billion. The Asian noodle specialty restaurants segment is highly consolidated, with the top five companies accounting for 92.1% of the segment's revenue in 2020. Outside of the nine chained Asian noodle specialty restaurants, the market remains highly fragmented with many independent, single-outlet Asian noodle specialty restaurants spread across Hong Kong. In 2020, our Group was ranked number one in market revenue as well as number of restaurants and had captured more than half of the segment through our well-known TamJai and SamGor brands. In 2019, our Group captured 58.5% of the market share for Asian noodle specialty restaurants in terms of revenue and this has increased to 64.4% of the market share for Asian noodle specialty restaurants in 2020. The diversity of cuisines in the Asian noodle specialty restaurants segment (such as Chinese, Vietnamese and Japanese noodles) reflects local consumers' interest in noodles, a type of food that they are familiar with and find comfort in. According to the Euromonitor Survey, our Tam Jai and SamGor brands were the most recognised Asian noodle brands in Hong Kong. Majority of those who recognised the brands visited Tam Jai and/or SamGor more than once a month.

**Table 11 Asian Noodle Specialty Restaurants Competitive Landscape in Hong Kong, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	<b>Our Group</b>			64.4	141
2	Group H	A Chinese chained noodle restaurant group established in 1981.	Private	10.3	23
3	Group I	A group offering quick service, casual dining and institutional catering established in 1968.	Listed on the Stock Exchange	7.8	19
4	Group J	A Japanese chained noodle restaurant group established in 1996.	Listed on the Stock Exchange	5.7	22
5	Group K	A Vietnamese chained noodle restaurant group established in 2003.	Listed on the Stock Exchange	3.9	13
	Others			7.9	309

*Note\**: Market share rank is based on the revenue receipts from largest to smallest

*Source: Euromonitor estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

## INDUSTRY OVERVIEW

Our Group has several competitive strengths in the consumer food service industry and has a top five position in 2020 within a fiercely contentious market in terms of total revenue. Despite being in a specialised category of Asian noodle specialty restaurants, our Group also stands in the second position within Fast Casual Restaurants in terms of total revenue. Below are some advantages that our Group holds:

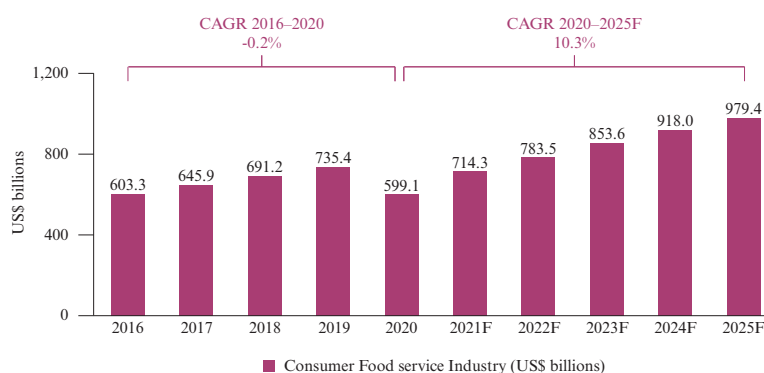
- An extensive network of restaurants to reach a larger consumer base
- A pioneer in the mixian market
- Establishment of a highly standardised and scalable business model that enables future growth

## 2. OVERVIEW OF THE FOOD SERVICE INDUSTRY IN MAINLAND CHINA

### Consumer Food Service Industry in Mainland China Offers a Blend of Tradition and Innovations

The consumer food service industry in Mainland China offers a wide range of local, regional and international cuisines, set against its broad geographic coverage with diverse culinary traditions in different regions. Between 2016 and 2020, the consumer food service industry grew at a CAGR of  $-0.2\%$ , reaching a total revenue of US\$599.1 billion in 2020. The consumer food service industry saw a year-on-year contraction of  $-18.5\%$  in the total revenue in 2020 due to the pandemic, which contributed to an overall decline in industry revenue for 2016–2020 period. However, the market is expected to rebound quickly owing to the industry’s rapid adoption of technologies, leveraging on Chinese consumers’ extensive usage of smartphones and mobile apps. Online food delivery has grown rapidly from US\$36.2 billion in 2016 to US\$119.8 billion in 2020, led by major mobile platforms that offer consumers a wider variety of restaurant choices and bigger discounts than before. The consumer food service industry is expected to reach US\$979.4 billion in 2025, representing a CAGR of  $10.3\%$ .

**Table 12 Total Retail Revenue of Consumer Food Service Industry in Mainland China (2016–2025F)**



Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

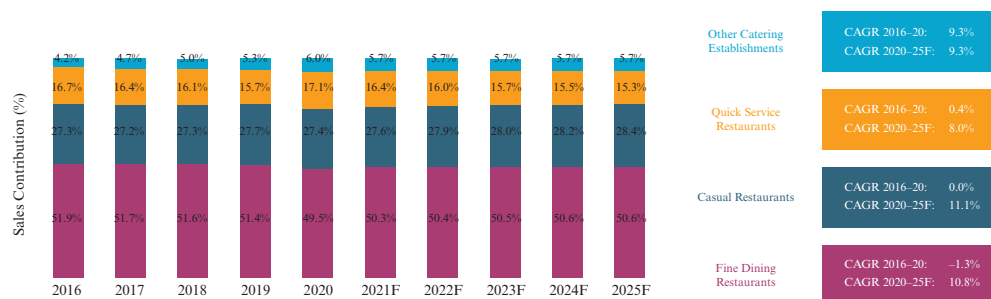
## INDUSTRY OVERVIEW

### All Consumer Food Service Categories Enjoyed Strong or Moderate Growth with Fine Dining Restaurants Maintaining the Largest Market Share

Fine Dining Restaurants represent the largest of the four restaurant categories in Mainland China, accounting for 49.5% of the consumer food service industry revenue in 2020. It is followed by Casual Restaurants with 27.4% and Quick Service Restaurants with a 17.1% market share. The Other Catering Establishments represent the smallest category by revenue, accounting for just 6.0% of the industry in 2020.

All three main categories of restaurants, namely Fine Dining Restaurants, Casual Restaurants and Quick Service Restaurants, showed robust growth in terms of revenue between 2016 and 2019, with Casual Restaurants leading with a CAGR of 7.3% in revenue, followed closely by Fine Dining Restaurants at 6.5% and Quick Service Restaurants at 4.7%. However, due to the COVID-19 pandemic, Casual Restaurants, Fine Dining Restaurants and Quick Service Restaurants saw a CAGR of 0.0%, -1.3% and 0.4% respectively between 2016 to 2020. Between 2020 and 2025, all four restaurant categories are expected to register strong growth, representing a CAGR between 8.0% to 11.1%. This is partly due to the segments' expected recovery from the low base in 2020 as the size was impacted by the COVID-19 pandemic, while the macro growth drivers, such as Mainland China's urbanisation, increasing disposable incomes and rising appetite for dining out will continue to support the growth of consumer food service industry in the future.

**Table 13 Restaurant Revenue in Mainland China split by sub-categories, (2016–2025F)**



Source: Euromonitor Passport Data (<Consumer Food service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

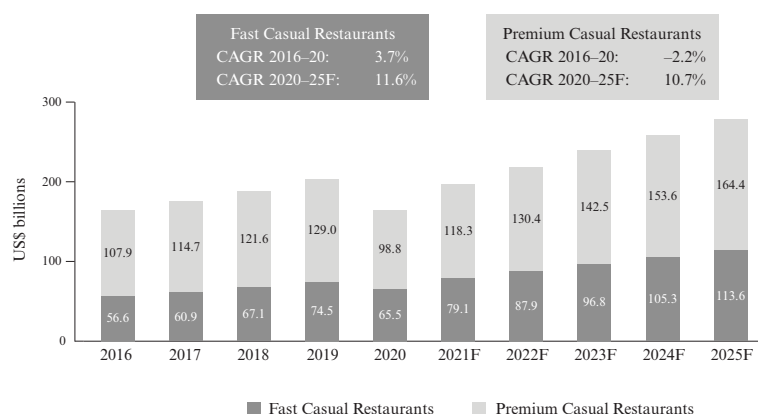
## INDUSTRY OVERVIEW

### 2.1 Overview of Casual Restaurants in Mainland China

#### *Fast Casual Restaurants and Asian Cuisine Show Steady Growth in Review Period*

Casual Restaurants can be split into Fast Casual Restaurants and Premium Casual Restaurants. Between 2016 and 2020, Fast Casual Restaurants grew at a higher CAGR of 3.7% than Premium Casual Restaurants which registered a CAGR of –2.2%. The same trend is expected to continue with Fast Casual Restaurants outpacing Premium Casual Restaurants from 2020 to 2025 due to the increasingly sophisticated offerings from Fast Casual Restaurants and effectively shortening the differentiation from Premium Casual Restaurants.

**Table 14 Casual Restaurants Revenue in Mainland China, (2016–2025F)**



*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

Asian cuisine, which includes Chinese cuisine, within the Casual Restaurants segment has also demonstrated a slight decline registering a –0.2% CAGR from 2016 to 2020, but is expected to recover rapidly with a high CAGR of 11.0% from 2020 to 2025. Asian restaurants are the predominant cuisine in Mainland China with 90.5% market share of Casual Restaurants in 2020, with Chinese cuisine contributing a significant portion. Many Chinese restaurants are also categorised within the Fast Casual segment. The Asian Casual Restaurants segment is primarily driven by the middle class who seek convenient and affordable dining options. In recent years, the growing presence of online food delivery and other digital technologies such as customer engagement through apps have been important developments within the Asian Casual Restaurants segment. These drivers are expected to continue to enhance and boost the Asian Casual Restaurants segment and the popularity of Asian noodles in the forecast period. These restaurants are capturing more consumers by developing mobile apps targeting the local dining market. These mobile apps are integrated within popular social media platforms in Mainland China and can incorporate loyalty membership plans that offer rewards and discounts. Chinese brands are often more in touch with the local culture and can relate better with Chinese consumers.

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## INDUSTRY OVERVIEW

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Within Asian Casual Restaurants, Asian noodle specialty restaurants are a popular choice for consumers. It is known that noodles originated from China and there is a strong culture of noodles consumption in Mainland China. Different regions in Mainland China have varying local preparations of noodle dishes. The long history of eating Chinese noodles has not faded in modern times as Chinese restaurants are adapting to the new generation of consumers. With such strong heritage, noodles are often served in many Chinese restaurants as a type of cuisine and Asian noodle specialty restaurants are a common but, fragmented, restaurant type under Fast Casual segment in China.

### ***2.2 Drivers in the Consumer Food Service Industry in Mainland China***

#### *Urbanisation and Rising Incomes are Key Drivers for Consumer Food Service in Mainland China*

Mainland China's economic development and urbanisation have been a key macro growth driver for the consumer food service industry between 2016 and 2020. Since the early 1980s, more than 300 million rural migrants have moved to Chinese cities, drawn by opportunities in urban areas. According to the World Bank, 60.3% of people live in urban areas in Mainland China as of 2019, comparing to 56.7% as of 2016. Urbanisation has also contributed to increasing disposable incomes, smaller households and busier lifestyles. The combination of higher incomes and busy lifestyles has boosted the demands for dining out for more opportunities to try out new cuisines and experiences while saving time for cooking. While convenience is the main priority, the quality of both ingredients and preparation remain an important factor for choosing a meal option. Out of the dining options provided in Mainland China, Fast Casual Restaurants provide a good balance to support the local consumers' food consumption priorities.

#### *Consumer Food Service Industry makes Growing use of Digital Technologies*

Consumer food service restaurants in Mainland China are increasing their usage of digital technologies, particularly mobile apps, to attract consumers, boost consumer loyalty and offer greater convenience. A number of Chinese restaurants has started developing membership plans and engaging with consumers through social media platforms, such as WeChat or their self-developed mobile apps to enhance communication with consumers. Under membership plans, restaurants usually offer rewards and discounts through the mobile apps. Such initiatives also allow restaurants to gather consumer data, which can be used to analyse consumers' preferences and adapt products and services to the ever-changing consumer trends. The rise of social media and internet key opinion leaders is another factor that has an influential impact on deciding meal options. Thus, consumer food service players are paying closer attention to social media trends and incorporating consumer insights into their marketing strategies. Other innovative applications of digital technology include mobile apps that inform customers when their orders are ready and the trial rollout of robot chefs and wait staff in some restaurants to improve efficiency and attract customers.

## INDUSTRY OVERVIEW

As the consumer food service becomes more digitalised, the prevalence of food delivery and takeaway has also grown as consumer food service players take advantage of delivery platforms. Between 2016 and 2020, Mainland China's food delivery and takeaway had already been experiencing a strong growth due to the widespread adoption of technology within the consumer food service industry. In 2019 to 2020, due to the effects of COVID-19, Mainland China's food delivery and takeaway revenue contribution grew from 19.3% to 24.1% of the entire mainland China's consumer food service industry. The consumer adoption of food delivery and takeaway is mostly observed within urban cities such as Shanghai and Beijing, where the consumer lifestyle is considerably more hectic.

### 2.3 Challenges in the Consumer Food service Industry in Mainland China

#### *Restaurants Under Cost Pressure Due to Rising Food Costs*

Rising food costs have become a growing challenge for consumer food service operators in Mainland China, in light of the surge in prices of pork and other meat in 2019. Some operators have managed the increase in food costs by passing them to suppliers and modifying their menus. For example, a leading Quick Service Restaurant player asked its suppliers to take much of the increase in chicken prices, keeping inflation under 10%. It also increased the number of non-chicken items on its menu. However, smaller operators may have fewer options to cope with rising costs and limited supplies. Many operators have to either absorb the increase in food costs or raise prices but risk losing customers. A Beijing-based chain that specialises in the traditional Chinese pork bun, had to lower prices again after a small price hike hurt its business. Despite rising ingredient and costs, the overall expenses need to operate a restaurant in an urban setting in Mainland China remain below expenses needed to operate a restaurant in Hong Kong.

### 2.4 Labour and Raw Material costs in Mainland China

Labour costs of the consumer food service industry increased steadily between 2016 and 2019, with the average annual wages of hotels and catering services staff rising from US\$4,616.9 to US\$5,737.9. The index of food and non-alcoholic beverages prices have also increased from 135.6 to 149.8 from 2016 to 2020.

**Table 15 Labour Cost in Mainland China (2016–2020)**

In US\$	2016	2017	2018	2019	2020	CAGR 2016–20
Average annual wages of hotels and catering services staff	4,616.9	5,025.6	5,340.4	5,737.9	N/A*	N/A

*Source: National Bureau of Statistics China*

\* 2020 data has not been published at the time of research



## INDUSTRY OVERVIEW

**Table 16 Raw Ingredients Costs in Mainland China (2016–2020)**

<b>Price Index (2010 = 100)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–20</b>
Index of Food and Non-Alcoholic						
Beverage Prices	135.6	134.6	137.0	146.9	149.8	2.5%
Index of Meat Prices	142.4	141.4	145.7	164.1	167.4	4.1%
Index of Fish and Seafood Prices	142.8	148.8	148.7	152.7	156.7	2.3%
Index of Vegetables Prices	148.7	137.5	143.3	152.3	156.0	1.2%
Index of Other Food Prices	<u>118.7</u>	<u>118.7</u>	<u>117.5</u>	<u>121.9</u>	<u>123.8</u>	<u>1.1%</u>

*Source: Euromonitor Passport Data (< Economies and Consumers Annual Data, 2021 Edition > ), sourced from national statistics*

### 2.5 Consumer Food Services Competitive Landscape in Mainland China

*Leading Players Account for a Small Share of Mainland China's Huge Consumer Food Service Market*

The consumer food service industry in Mainland China is highly fragmented due to the country's extensive geographical coverage. The total number of restaurants increased from 9.5 million in 2016 to 10.1 million in 2020. The top five companies accounted for 3.5% of the consumer food service industry revenue in 2020. Three out of the top five companies are multinational chain restaurants that also play in the Casual Restaurants category. The Asian noodle specialty restaurant category, which is inclusive of Chinese cuisine restaurants specialising in noodles, is comprised of both large chained and small independent players. Within large chained Asian noodle specialty players, the number of restaurants can range up to 711 with revenue over US\$203 million in 2020 as is the case for a well-known listed chain noodle restaurant operator specialising in Japanese ramen, indicating strong demand in the Mainland China market.

**Table 17 Fast Casual Restaurants Competitive Landscape in Mainland China, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Company A	A Western styled coffee house chain established in 1971	Listed on NASDAQ	4.3	4,863
2	Company B	A coffee house chain established in 2017	Listed on OTC Markets	0.8	4,787
3	Company C	A Chinese chain quick service restaurant operator established in 2003	Private	0.7	850
4	Company D	A chained quick service restaurant operator established in 1997	Listed on the Stock Exchange and New York Stock Exchange	0.3	392
5	Company E	A Japanese ramen chain restaurant operator established in 1996	Listed on the Stock Exchange	0.3	711
	Others			93.6	1,366,848

*Note\*:* Market share rank is based on the revenue receipts from largest to smallest

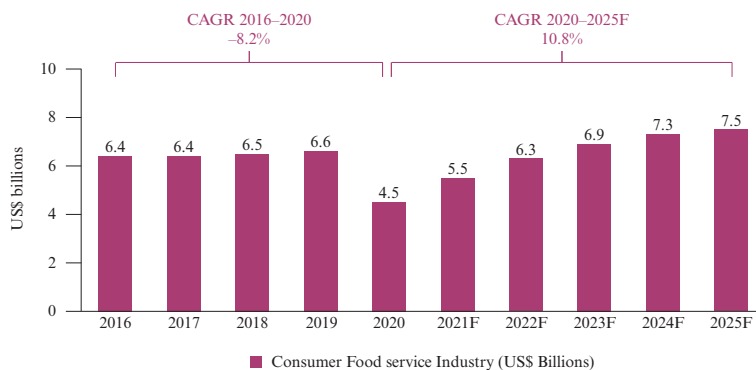
*Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition > ) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

**3. OVERVIEW OF THE FOOD SERVICE INDUSTRY IN SINGAPORE**

**Consumer Food Service Industry in Singapore Records Moderate Growth**

Singapore is known for its vibrant consumer food service industry offering a huge variety of cuisines and menus that continuously respond to the consumers’ changing appetite. The consumer food service industry in Singapore recorded moderate growth between 2016 and 2019, but this has been offset by a sharp 31.2% contraction in 2020 due to the effects of the COVID-19 pandemic. As a result, total consumer food service industry revenue recorded a CAGR of –8.2% for the 2016–2020 period to reach US\$4.5 billion in 2020. Singapore is well known for its high income levels and hectic lifestyles. Therefore, local consumers are dining out or ordering food online more often, due to increasing disposable incomes and growing demand for convenience. On the other hand, Singapore’s consumer food service industry is well developed and highly competitive, with restaurants competing to offer promotions and discounts, which has weakened revenue growth to some extent. Despite the downturn in 2020, the consumer food service industry is expected to recover as restaurants adapt to these challenges through the increase adoption of online delivery services, contactless payment methods and increase safety measures to provide a safe dining environment. Between 2020 and 2025, the consumer food service industry is expected to reach US\$7.5 billion of revenue in 2025, representing a CAGR of 10.8%.

**Table 18 Total Retail Revenue of Consumer Food Service Industry in Singapore (2016–2025F)**



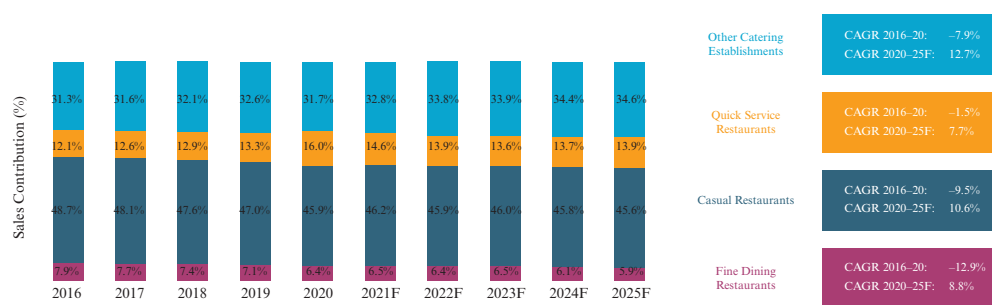
*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

## INDUSTRY OVERVIEW

### Consumer Food Service Categories sees Healthy Growth with Casual Restaurants Maintaining the Largest Market Share

Casual Restaurants are the largest contributor to the consumer food service industry in Singapore, accounting for 45.9% of total industry revenue in 2020 following by Other Catering Establishments which include hawker centres, street food and event catering services, which contributed approximately 31.7% of total industry revenue. On the other hand, Quick Service Restaurants and Fine Dining Restaurants maintained a lower contribution of 16.0% and 6.4% of total industry revenue respectively in 2020. The high market share of Other Catering Establishments can be attributed to a large number of hawker centres and the high frequency of visits by its customers, both domestic and international, between 2016 and 2020.

**Table 19 Restaurant Revenue in Singapore split by sub-categories (2016–2025F)**



Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### 3.1 Overview of Casual Restaurants Segment in Singapore

#### *Premium Casual Restaurants Remains Larger than Fast Casual Restaurants but Fast Casual Restaurants Records Higher Growth Rates*

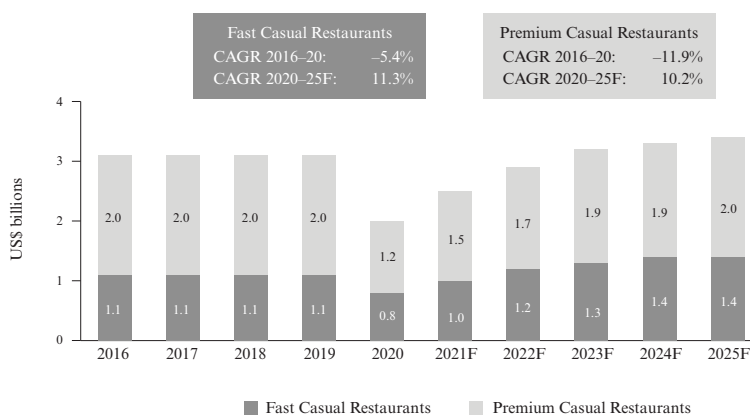
The Casual Restaurants category in Singapore is primarily dominated by Premium Casual Restaurants, accounting for 59.4% of the Casual Restaurants category in 2020. The clear positioning of Premium Casual Restaurants helps avoid fierce competition from Fast Casual Restaurants and Quick Service Restaurants. Despite this, Fast Casual Restaurants have shown strong growth, outpacing Premium Casual Restaurants and the entire consumer food service industry between 2016 and 2019 and registering a faster growth in 2020. Between 2020 and 2025, Fast Casual Restaurants is expected to register strong growth at a CAGR of 11.3%, reaching US\$1.4 billion by 2025 and Premium Casual is expected to grow at a CAGR of 10.2% to reach US\$2.0 billion, as both segments will be growing from a low base recorded in 2020 due to the impact from COVID-19 pandemic.

Within Casual Restaurants, Western and Asian cuisines inclusive of Chinese cuisines, have similar revenue contributions, as Western cafes, bistros and bars are just as popular as Asian cuisines in Singapore. Between 2020 to 2025, the proportions accounted by these two main types of cuisine will remain relatively stable.

## INDUSTRY OVERVIEW

An important restaurant type within Fast Casual Restaurants is the Asian noodle specialty restaurants segment. Singapore has a long history of Asian noodle consumption due to its central positioning within Southeast Asia. Being both a financial hub and central foodie destination, Singapore embodies the noodle and spice culture from the rest of Southeast Asia such as Pho (rice noodles with chili flakes) from Vietnam, Laksa (spicy noodles) from Malaysia and Thai boat noodles (spicy rice noodles) from Thailand. While Asian noodles' presence can be found in fine dining restaurants, casual eateries and even hawker centres, it is most associated as a meal that is convenient and flexible in catering to different taste preferences. These traits are important for the average employee in Singapore who work long hours and hence need a quick and efficient meal. The new generation of diners in Singapore are also receptive to new food trends and Asian noodles are easily customisable to fit personal preferences. Due to these factors, Asian noodle specialty restaurants are typically categorised as Fast Casual restaurants.

**Table 20 Casual Restaurants Revenue in Singapore, (2016–2025F)**



Source: Euromonitor Passport Data (<Consumer Food service — 2021 edition>)

### 3.2 Drivers in the Consumer Food Service Industry in Singapore

*Demand for Convenience is a Key Driver Consumer Food Service in Singapore*

Demand for convenience has been a major factor in shaping the consumer food service industry in Singapore between 2016 and 2020. There is a strong culture of dining at Fast Casual and Quick Service Restaurants due to the efficient preparation and casual nature of these restaurants. According to statistics by the Ministry of Manpower of Singapore, the average working hours of employees in Singapore were 44.0 hours per week (or 8.8 hours per day) in 2020, which contributed to local consumers' preference for convenience in terms of meal options. There is also growing popularity among Casual Restaurants and street stalls/kiosks, where food preparation, ordering and payments are all relatively efficient. The trend for convenient casual meals has also benefited online food ordering. Food delivery platforms such as GrabFood, Deliveroo and Foodpanda offer consumers a wide variety of choices and the convenient of food deliveries. Between 2019 and 2020, Singapore's food delivery and takeaway revenue proportion grew from 26.8% to 48.5% of the entire Singapore's consumer food service industry, with a sharp jump of 21.6% in 2020 as a result of the COVID-19 effects.

### *Consumer Food Service Industry Flourishes with Consumers' Receptiveness to New Food Trends*

The new generation of consumers are seeking experiential elements in their dining experience and place greater emphasis on dining experiences and pleasure. Singaporeans are among the most well-travelled in the world. According to the Department of Statistics Singapore, Singaporeans made about 10.7 million outbound departures in 2019 (1.5 million in 2020 due to COVID-19 travel restrictions). Through the travels, consumers have become exposed to other cultures and more open to experimenting with new cuisines and dining experiences. The consumer food service industry has flourished with consumers' receptiveness to new food trends, with bubble tea and fried chicken being notable examples.

### **3.3 Challenges in the Consumer Food service Industry in Singapore**

#### *Restaurants Faces Labour Shortage*

Consumer food service operators in Singapore have long faced the problem of labour shortage, due to local workers shunning the industry for better paying jobs. With the government's tightening of restrictions on foreign employees in recent years, it has become even more difficult for restaurant operators to find staff. As announced in Budget 2019, the services sector's dependency ratio ceiling — the proportion of foreigners a firm is allowed to hire — will be lowered from 40% to 38% in 2020, and then to 35% by 2021. The boom in the consumer food service industry in recent years also drove up demand for staff. Restaurant operators are looking at ways to address the workforce challenge. These include providing a more competitive salary and non-monetary benefits, tapping on technology for repetitive tasks, and revamping work processes. For example, the menu at Minor Food Singapore's newly opened Western grill restaurant was crafted with "simpler" kitchen processes in mind, such that less experienced workers can fulfil the tasks.

#### *High Rental Costs are a Contributing Factor to Low Profit Margins in the Industry*

Consumer food service operators have grappled with low profit margins as a result of high operating costs. In addition to rising labour costs, rental costs account for a significant proportion of a restaurant's operating costs. Rent and wages typically make up for more than half of a restaurant's operating cost in Singapore. According to industry feedback, the profitability of restaurants was as low as 1.7% before the virus outbreak. Retail rent in 2020 declined due to lower demand spurred by higher vacancies, lower footfalls, social distancing measures and economic uncertainties caused by COVID-19. According to property consultants, Orchard and other city area retail rents fell by 7% to 8% in 2020 whereas suburban retail rents fell by about 3%, as city area retail spaces are more dependent on tourists and office workers.

## INDUSTRY OVERVIEW

### 3.4 Labour and Raw Material costs in Singapore

Labour costs of the consumer food service industry has been stable between 2016 and 2020, with the average weekly paid hours worked per employee in accommodation and food services from US\$30.8 to US\$30.0. During the same period, the index of food and non-alcoholic beverages prices have increased from 113.8 to 121.6.

**Table 21 Labour Cost in Singapore (2016–2020)**

In US\$	2016	2017	2018	2019	2020	CAGR 2016–20
Average Weekly Paid Hours Worked Per Employee in Accommodation and Food Services	30.8	31.0	30.5	30.7	30.0	–0.7%

Source: Singapore Department of Statistics (DOS)

**Table 22 Raw Ingredients Costs in Singapore (2016 — 2020)**

Price Index (2010 = 100)	2016	2017	2018	2019	2020	CAGR 2016–20
Index of Food and Non-Alcoholic Beverage Prices	113.8	115.1	116.2	118.1	121.6	1.7%
Index of Meat Prices	108.9	109.4	108.9	109.6	115.4	1.5%
Index of Fish and Seafood Prices	121.9	124.9	127.6	130.0	131.2	1.8%
Index of Vegetables Prices	115.4	117.0	116.4	119.3	124.8	2.0%
Index of Other Food Prices	111.9	113.1	114.6	115.6	117.1	1.1%

Source: Euromonitor Passport Data (<Economies and Consumers Annual Data, 2021 Edition>), sourced from Department of Statistics Singapore

### 3.5 Consumer Food Service Competitive Landscape in Singapore

*Consumer Food Service Industry Remains Highly Competitive and Continues to see New Entrants*

The consumer food service industry in Singapore is highly competitive and fragmented, with many consumer food service companies offering a huge variety of dining establishments and cuisine types. Supported by Singaporean’s strong food culture, local market players are keen to open new restaurant outlets where consumers are passionate about exploring new restaurants and cuisines. The total number of restaurants increased from 28,048 in 2016 to 28,471 in 2019, although this number has fallen to 27,704 restaurants in 2020. Within the Asian noodle specialty restaurants category, there are a variety of operator types. These include Japanese ramen restaurants and Chinese style noodle restaurants among other noodle cuisine types which speaks to the dynamic cultural influence found in Singapore. For example, a Japanese ramen noodle chain, has 22 restaurant outlets as of December 31, 2020 and a Chinese fishball based noodle chain operates 14 restaurant outlets as of December 31, 2020.

## INDUSTRY OVERVIEW

The top five restaurant companies by market share are all chain restaurants with established multinational brands. These top five companies accounted for a market share of 16.3% in 2020. Within the Casual Restaurants category, the market landscape is also highly fragmented with the top five companies accounting for 13.9% of the total Casual Restaurants revenue in 2020. The leading players are a mix of Asian cuisine restaurant groups and cafe chains.

**Table 23 Fast Casual Restaurants Competitive Landscape in Singapore, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Company A	A Western styled coffee house chain established in 1971	Listed on NASDAQ	7.3	134
2	Company B	A coffee house chain established in 1963	Private	4.7	57
3	Company C	A Japanese chain restaurant established in 1996	Private	3.4	24
4	Company D	A chain quick service restaurant established in 1983	Private	2.5	37
5	Company E	A western chain restaurant operator established in 2002	Private	2.4	23
	Others			79.7	1,965

*Note\**: Market share rank is based on the revenue receipts from largest to smallest

*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

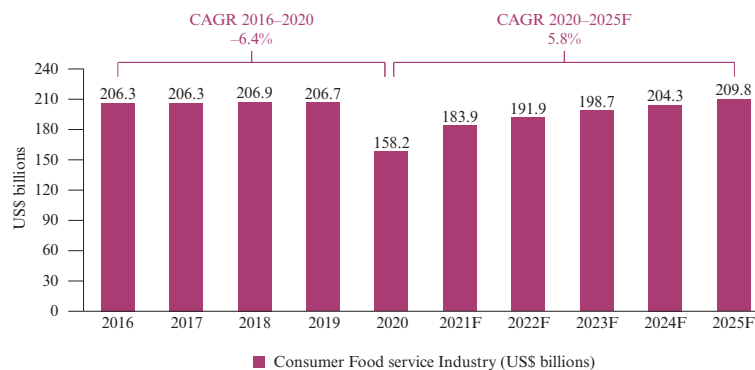
#### 4. OVERVIEW OF THE FOOD SERVICE INDUSTRY IN JAPAN

##### Consumer Food Service Industry in Japan Recorded Slow Growth

Japan has a large and relatively mature consumer food service industry, supported by high income and sophisticated consumer preferences. The consumer food service industry offers an abundance of culinary choices and a large variety of restaurants. Many restaurants specialise in a single type of dish, such as sushi, battered and deep-fried food or specific types of noodles. The industry recorded marginal growth from 2016 to 2019 and a sharp 23.5% contraction in 2020, resulting in a CAGR of -6.4% for the 2016–2020 period. The slow growth was mainly due to the relative maturity of the industry and weak demand due to a declining and ageing population. In 2020, the industry has been hit by the COVID-19 with total revenue falling to US\$158.2 billion. However, government campaigns and stimulus measures are expected to mitigate the impact and help businesses recover. These measures include the “Go To Eat” Campaign launched on 1st October 2020 and US\$14.4 billion in subsidies to support restaurants hit by shorter trading hours during the pandemic as part of a US\$708 billion package announced in December 2020. Between 2020 and 2025, the consumer food service industry is expected to grow at a CAGR of 5.8%, reaching US\$209.8 billion of revenue in 2025 driven by renewed demand upon easing of COVID-19 restrictions.

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**Table 24 Total Retail Revenue of Consumer Food service Industry in Japan (2016–2025F)**



Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

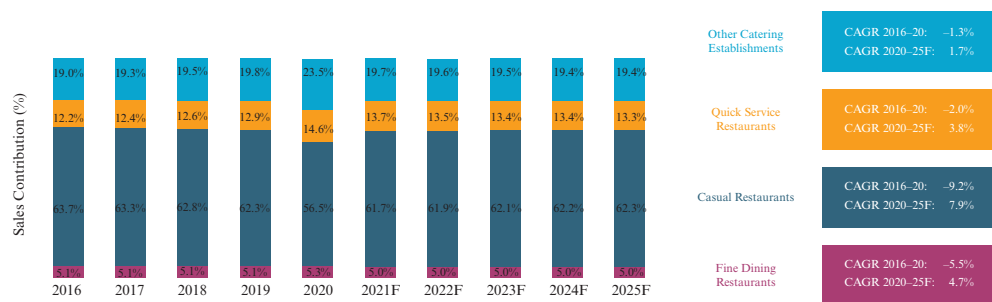
### Fast Casual Restaurants Dominate Japan’s Casual Restaurants Category

Casual Restaurants are the largest contributor to the consumer food service industry in Japan, accounting for 56.5% of total industry revenue in 2020, followed by restaurants in the Other Catering Establishments, which accounted for a revenue share of 23.5%. Convenience stores are the main contributor to consumer food service revenue for the Other Catering Establishments category, as all the major convenience store chains in Japan sell pre-prepared meals through their extensive network of outlets. The Fine Dining Restaurants category is the smallest category by revenue, accounting for just 5.3% of the industry. Fast Casual restaurants represent the largest contributor to the consumer food service in Japan largely due to the working culture in Japan, leading consumers to prioritise speed and convenience in meals. In 2020, Fast Casual Restaurants represents 40.2% of the total market and 71.1% of the Casual Restaurants category’s revenue. Coupled with the prevailing trend of consumers seeking for convenient and speedy meals, Fast Casual restaurants is expected to still see growth between 2020 to 2025 at a steady CAGR of 7.8%. Although Fast Casual Restaurants face strong competition from Quick Service Restaurants due to increasing demand for fast service and affordable meals, it is able to differentiate from Quick Service Restaurants by offering more unique menus and quality food. For example, some family restaurants offer specific fusion dishes which combine Japanese and Western elements to appeal to the Japanese palette.



## INDUSTRY OVERVIEW

**Table 25 Restaurant Revenue in Japan split by sub-categories (2016–2025F)**



Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### 4.1 Opportunities in the Consumer Food Service Industry in Japan

#### *Long History of Noodle Consumption and an Affinity for Spicy Food and Mala Spice in Japan*

Noodles have a long history in Japan with the first varieties introduced from China during the Nara period (710–794). Due to the long history of noodle consumption, it has become a staple food in Japan with the growing presence of individual udon, soba and ramen specialist shops (some with strong chili and pepper infused dishes), which also contribute to the fragmentation of the Asian noodle specialty restaurant landscape in Japan. The Asian noodle specialty restaurant category is inclusive of Chinese cuisine that specialise in noodles. Given the history of Asian noodles, Japanese consumers are accustomed to consuming noodles as a meal and also due to the variety of noodle offerings. Apart from noodles, spicy food has been popular in Japan and is deeply integrated into the local cuisine and culture. In the majority of ramen restaurants, the option of adding spice is commonplace. For example, there is a well-known ramen restaurant in Japan with over 50 years of experience which offers 10 levels of spiciness. Due to its overwhelming popularity, this ramen restaurant has also developed instant noodles which are available in convenient stores in Japan. There is also a well-known curry house ranked 20th in the overall consumer food service market in Japan in 2020 by sales value which also offers 10 levels of spiciness. Aside from restaurants, spicy culture has also been integrated into Japanese culture. Some social media influencers in Japan make online videos that feature spicy food, such as challenging the spiciest food available. In addition, Japan hosts an annual spicy food festival, namely the Gekikara Gourmet Festival, which focuses on spicy cuisine. In 2019, there were 54 restaurants that participated in this festival with Asian cuisines such as Thai, Korean, and Chinese cuisines. In addition, Japanese consumers are receptive to other Chinese influenced food and spices. In recent years, there has been a new trend of spice called Mala. The origin of this spice is from Sichuan, China and is used in various dishes but also widely known to be combined with soup noodles. The trend of incorporating this spice in popular foods is evident in Japan with a local convenience store giant introducing a mala famichiki (Fried chicken) and a local instant cup noodle producer introducing mala flavoured instant noodles to the Japan market.

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## INDUSTRY OVERVIEW

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### *Restaurants which Offer Speedy Services Gain Popularity Among Busy Consumers*

Due to demographic and lifestyle changes, such as the increasing number of single households and families in which both parents work, and ageing population, consumers in Japan are shifting to convenient and time-saving options. As a result, restaurants that offer speedy service or prepare meals quickly, such as Quick Service Restaurants and Fast Casual Restaurants, are also increasingly favoured by consumers due to their ability to serve customers quickly. An example of this trend is the growing popularity of tachigui, otherwise known as standup noodle shops. Tachigui is particularly well received among office workers looking for a quick lunch. The process of tachigui involves customers choosing their food from picture menu buttons, which processes an order ticket that the customers then hand to the counter staff. A customer's order will be served within three minutes or so, and most people can finish their meal in just a few minutes. Fast Casual Restaurants have benefitted from the demand for time-saving dining options, as they typically have smaller or simpler menus than Fine Dining and Premium Casual Restaurants which allows them to turn out dishes quickly. Ramen restaurants, which are in the Fast Casual Restaurants segment, are a common dining choice for those in a hurry but looking for a filling and affordable meal. As TamJai and SamGor are Fast Casual Restaurants, they can benefit from the shifting demand for convenient and speedy dining options.

### *COVID-19 boosts more consumers towards adopting food delivery and takeaway*

Japan's consumer food service industry is relatively mature. As a result, the consumption pattern of dine-in, delivery and takeaway remained relatively stable. With that said, Japan's dine-in sales contribution is relatively lower than the other selected Asian markets (Hong Kong, Mainland China, and Singapore) as the demand for convenience and quick meals are deeply integrated into the typical working culture of Japan. Between 2019 and 2020, Japan's revenue contribution of food takeaway and delivery grew from 31.3% to 38.9% of its consumer food service industry. This growth was largely attributed to the catalytic effects of COVID-19.

### *Shift in Consumers' Dietary Habits Promotes the Growth of a Greater Variety of Cuisines*

While traditional Japanese diet is rich in fish and seafood, there has been a shift in consumers' dietary habits towards meat-based dishes, driven by Westernisation of the Japanese diet and increasing consumption of ready-to-eat meals, which often include meat dishes. Within meat, pork is generally consumed more often than beef, due to its more affordable prices for daily consumption. The overall increasing acceptance of meat-based dishes is expected to promote a greater variety of cuisines and dishes beyond traditional Japanese cuisines. In particular, Chinese cuisines, which feature chicken and pork extensively, will also benefit from this trend as consumers consume more meat-based dishes.

### **4.2 Challenges in the Consumer Food service Industry in Japan**

#### *Labour Shortage is a Key Challenge for Restaurants*

Japan's shrinking and ageing population has contributed to labour shortage in the consumer food service industry. According to a 2019 survey by two business associations (the Japan Chamber of Commerce and Industry and the Tokyo Chamber of Commerce and Industry), the hotel and restaurant industry faced the most severe labour shortage among the industries covered by the survey, with 81.8% of companies reporting that they experienced a shortage of staff, a 2.7-point rise over the 2018 survey results. Many restaurant chains have turned to automating tasks using cooking robots and self-serving registers, as well as offering incentives to employees to keep them, such as cutting working hours and giving employees more holidays. Major restaurant chains in the Chubu region were reportedly hiring an increasing number of foreign fresh graduates who have just graduated from universities in Japan in 2019 to alleviate the problem of local manpower shortage.

#### *Eating at Home Trend Poses a Threat to Consumer Food Service Industry*

Restaurants in Japan have been impacted by the consumer trend towards eating at home, which has been boosted by the growing range of packaged ready meals options provided by convenience stores. The pandemic in 2020 has magnified the trend of consumers switching from dining out to cooking at home, as people stay home to minimise infection risks. Japan's ageing demographics also means that there is a growing number of older consumers who prefer eating in the comfort of their homes. Furthermore, with the ongoing economic uncertainties, many consumers have become more cautious with spending, and therefore eating out less frequently or opting for less expensive restaurants. As a result of this phenomenon, the "Go To Eat" Campaign was launched in October 2020 by the Japanese government to boost demand in the consumer food service sector. This campaign offered discount vouchers and point rewards based on booking select restaurants online.

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## INDUSTRY OVERVIEW

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### 4.3 Labour and Raw Material costs in Japan

Labour costs of the consumer food service industry has been stable between 2016 and 2019, with the average monthly cash earnings per regular employee in accommodation, eating and drinking services fluctuating between US\$1,186.2 and US\$1,171.5. The index of food and non-alcoholic beverages prices have also remained stable, ranging from 108.3 to 111.3 between 2016 to 2020.

**Table 26 Labour Cost in Japan (2016–2020)**

<b>In US\$</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–20</b>
Average Monthly Cash Earnings per Regular Employee in Accommodation, Eating and Drinking services	1,186.2	1,161.9	1,182.2	1,171.5	N/A*	N/A

Source: Statistics Bureau of Japan

\* 2020 data has not been published at the time of research

**Table 27 Raw Ingredients Costs in Japan (2016–2020)**

<b>Price Index (2010 = 100)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>CAGR 2016–20</b>
Index of Food and Non-Alcoholic Beverage Prices	108.3	109.1	110.6	110.6	111.3	0.7%
Index of Meat Prices	113.3	114.9	115.2	116.1	116.8	0.8%
Index of Fish and Seafood Prices	118.0	124.2	128.1	129.8	132.5	2.9%
Index of Vegetables Prices	109.4	107.3	112.1	106.5	106.4	-0.7%
Index of Other Food Prices	102.2	102.9	103.1	102.9	102.9	0.2%

Source: Euromonitor Passport Data ( < Economies and Consumers Annual Data, 2021 Edition > ), sourced from national statistics

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## INDUSTRY OVERVIEW

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### 4.4 Consumer Food service Competitive Landscape in Japan

*Consumer Food Service Industry is Mature With Local Players Taking up Large Market Shares*

The consumer food service industry is relatively mature and dominated by the local players. The top five players have a combined market share of 19.2% in 2020. The total number of restaurants decreased from 730,677 restaurants in 2016 to 669,627 restaurants in 2020 due to the impact of COVID-19 pandemic. Contrasting with the overall consumer food service segment, the Fast Casual Restaurants segment is highly fragmented with the top five players accounting for just 10.0% of the segment's total revenue in 2020. Within the Casual Restaurants segment there are a number of renowned Asian noodle specialty restaurants which contribute to the growth of the overall segment itself. While a number of Asian noodle specialty restaurants are Japanese style noodle based such as a renowned udon chain restaurant, which had 473 outlets in 2020, the presence of Chinese styled noodles are growing, for example, there is a chained noodle restaurant operator which specialises in Lanzhou style beef noodle soup.

**Table 28 Fast Casual Restaurants Competitive Landscape in Japan, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Company A	A sushi chain restaurant established in 1984	Private	2.5	559
2	Company B	A Western styled coffee house chain established in 1971	Listed on NASDAQ	2.2	1,618
3	Company C	A casual and quick service restaurant operator established in 1962	Listed on the Tokyo Stock Exchange	2.2	1,641
4	Company D	A Chinese restaurant operator established in 1967	Listed on the Tokyo Stock Exchange	1.6	733
5	Company E	A sushi chain restaurant established in 1995	Listed on the Tokyo Stock Exchange	1.5	467
	Others			90.0	335,663

*Note\*:* Market share rank is based on the revenue receipts from largest to smallest

*Source:* Euromonitor Passport Data (<Consumer Food service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

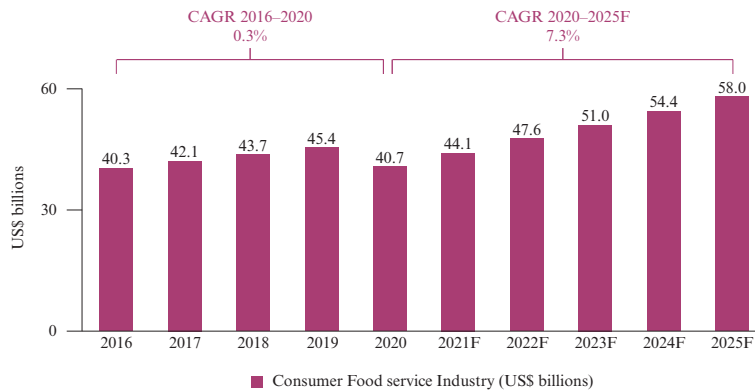
## INDUSTRY OVERVIEW

### 5. OVERVIEW OF THE FOOD SERVICE INDUSTRY IN AUSTRALIA

#### Consumer Food Service Industry in Australia Records Healthy Growth

Australia has a vibrant consumer food service industry, as dining out is firmly embedded in the national culture. The industry records healthy growth from 2016 to 2019, which was mainly driven by the domestic and tourist consumption. Consumers have been dining out more often, thanks to rising income and lifestyle factors, such as demand for convenience and the desire to experience gourmet and international cuisines. Between 2016 and 2019, Australia's dine-in sales contribution represented approximately 67% of its consumer food service industry with minimal fluctuation during the period. The industry was significantly impacted by COVID-19 and lockdown restrictions, with a decline of 10.3% in revenue in 2020 to reach US\$40.7 billion from US\$45.4 billion in 2019. The industry appears to be on path to recover as restrictions were gradually lifted since May 2020. According to data from the Australia Bureau of Statistics, revenue from cafes, restaurants and takeaway services reached the lowest level since the pandemic began in April 2020 and has been climbing since May 2020. By March 2021, the monthly revenue from cafes, restaurants and takeaway services has already exceeded the pre-pandemic level in February 2020. This recovery was partly due to a shift of consumers ordering food through delivery and takeaway platforms during the height of the pandemic. Between 2019 to 2020, Australia's revenue contribution from food delivery and takeaway grew from 28.3% to 41.1% of its consumer food service industry. Between 2020 and 2025, the consumer food service industry is expected to maintain strong growth at a CAGR of 7.3%, reaching US\$58.0 billion of revenue in 2025.

**Table 29 Total Retail Revenue of Consumer Food service Industry in Australia (2016–2025F)**



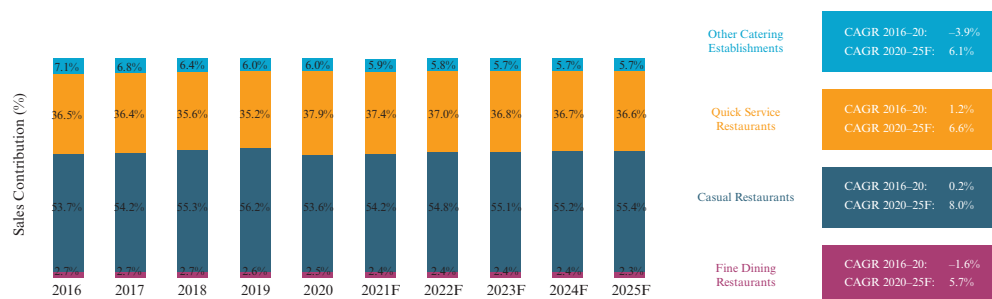
Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

## INDUSTRY OVERVIEW

### Fast Casual Restaurants Dominate the Casual Restaurants Category while Asian Cuisines Gain Popularity within Casual Restaurants

Casual Restaurants are the largest contributor to the consumer food service industry in Australia, accounting for 53.6% of total industry revenue in 2020, followed by Quick Service Restaurants, which contributed 37.9% of total industry revenue. On the other hand, Other Catering Establishments and Fine Dining Restaurants maintained a lower contribution of 6.0% and 2.5% of the total industry revenue respectively in the same period. Casual Restaurants in Australia are largely dominated by Fast Casual Restaurants, accounting for 72.9% of its revenue in 2020. Fast Casual Restaurants are favoured by Australian consumers due to their relaxed dining environment, speedy service and a decent quality of food. While Asian cuisine inclusive of Chinese cuisine within the Casual segment in Australia is relatively small, representing US\$1.4 billion in 2020, it has seen a healthy rate of 3.8% CAGR from 2016 to 2019. This shows growing interest and appetite for Asian cuisine in Australia.

**Table 30 Restaurant Revenue in Australia split by sub-categories (2016–2025F)**



Source: Euromonitor Passport Data (< Consumer Food Service — 2021 edition >) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association

### 5.1 Opportunities in the Consumer Food Service Industry in Australia

#### *Growing Asian Migrant Population Boosts Awareness and Popularity Asian Cuisine*

Australia’s changing demographics, with immigrants from Asian countries and their descendants making up an increasing proportion of the population in recent years, has boosted awareness and popularity of Asian cuisines, with Chinese cuisine becoming one of the most popular cuisines in the country. Australia is a key immigration destination by Chinese and other Asian nationalities to settle down in. According to data from the Australian Bureau of Statistics, Australia is home to more than 1.2 million people of Chinese ancestry in the 2016 Census. Of these, two in five (around 41.0%) were born in China. The number of Chinese-born people living in Australia has nearly doubled between 2010 and 2020, reaching 650,640 (2.5% of Australia’s total population) in 2020. Migrants from Mainland China have been the second largest group of overseas-born migrants in Australia, after migrants from England since 2017. In June 2020, the Australian Bureau of Statistics further revealed that China, Philippines, Vietnam, Malaysia and Sri Lanka were among the top 10 countries of birth for its resident population, which combined represented 6.1% of the total overseas-born resident in the country. The enlarging on the Australian Asian community has influenced local culture and in particular Asian cuisine has been significant, spurring large Asian towns (China town, Korea town etc) and more Chinese restaurants in key cities throughout Australia such as Sydney, Melbourne and

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## INDUSTRY OVERVIEW

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Adelaide. The influx of Chinese migrants from various regions in China has resulted in more restaurants offering specific Chinese cuisines offered at restaurants. Consumers have also become more discerning with their choice of Chinese dishes, as they increasingly look for specific regional cuisine from China instead of generic “Chinese” food.

Unlike the other Asian markets, Australia’s noodle culture was introduced by the immigrants from Asia. As with most Asian culture, noodle-based restaurants tend to be quick, reasonably priced and convenient, hence leading to similar nature for the Asian noodle market in Australia. As a whole, the popularity of noodles has been continuously growing. In 2020, Australia’s instant noodle market size reached US\$219.2 million. According to Google Trend, the google search index for “Laksa”, “Pho” and “Ramen” has also grown in Australia, from 19.5, 36.2 and 31.0 in 2015 to 26.4, 49.8 and 68.2 in 2020, respectively. These figures help understand the growing interest of Asian noodles within the local populous. In fact, there are already established Asian noodle restaurants such as a Southeast Asian noodle restaurant with 80 outlets in 2020 and a Chinese Gansu beef noodles restaurant with nine outlets. Furthermore, the globalisation mega trend driven by increasing trade, more convenient transportation and digitisation help showcase Asian culture even in areas with low Asian population penetration.

### *Fast Casual Restaurants Enjoy Strong Growth as they Offer a Combination of New Concepts, Quality Food and a Relaxed Dining Setting*

Fast Casual Restaurants is one of the fastest growing restaurant categories in Australia, representing a CAGR of 4.7% between 2016 and 2020. This can be attributed to millennial consumers’ demand for innovative dining concepts, quality food at reasonable prices, and a more casual lifestyle. In today’s digital age, consumers are constantly exposed to the latest food trends, new dining concepts and cuisines through internet and social media. The fast changing world of Fast Casual Restaurants appeals to consumers who are always looking for new experiences. In terms of dining ambience, there has been a shift towards a more casual atmosphere such as dressing in a more casual way, sharing dishes and socialising over meals, which makes them feel relaxed and comfortable.

### *Increasing Focus on Healthy Eating Drives Food Trends*

Healthy eating is a growing trend in Australia and it has driven a number of food trends, concepts and diets, such as veganism, farm-to-plate and mindful eating. Consumers are also becoming more health conscious due to growing coverage of health and wellness topics in one’s daily life. The increasing focus on healthy eating has contributed to the growing popularity of Asian cuisines including Chinese and Asian noodles, as these cuisines and food types are generally perceived to be healthy due to the use of a balanced mix of food groups (e.g. vegetables, fish and seafood, plant-based protein) and the use of fresh ingredients. As consumers start to move away from less healthy meal options, Asian noodles are viewed as a more nutritious alternative, especially among Australia’s growing Asian population. Restaurants that have a more diversified and customisable menu have been seen to be popular as local consumers can better control over their preferred diet and health needs. In addition, TamJai and SamGor’s menus have a customizable list of toppings that reflects a nutritious range of ingredients. These include lean protein such as chicken and fish fillet to vegetarian options such as bean curd sheets, lettuce and mushroom. Apart from balanced topping choices, TamJai and SamGor also offer a vegetarian clear soup base for consumers that follow a meat-free diet. The dishes at TamJai and SamGor are all cooked to order which ensures a freshly



## INDUSTRY OVERVIEW

prepared meal as opposed to pre-made meals which may have a lower nutritional value given the pro-longed time until it is consumed. As such, TamJai and SamGor have a competitive edge in capturing the demand arising from the growing trend of healthy eating in Australia.

### 5.2 Challenges in the Consumer Food service Industry in Australia

#### *Australia Seeks Continued Labour Shortage for Consumer Food Service Sector*

Labour shortage has been a persistent problem for the consumer food service industry in Australia due to a combination of a shortage of international workers and negative perception of the jobs in the industry. The problem has been exacerbated by the pandemic due to restricted movements of international workers. In Victoria state, shortage of staff in the hospitality industry has been attributed to a reduced workforce as backpackers and skilled visa holders were told early in the pandemic to return home and denied access to JobSeeker or JobKeeper payments. The shortage extended from unskilled roles such as dishwashers through to head chefs, has meant some restaurants were unable to reopen or were closing for days just to give overworked staff a break. Industry figures had estimated the demand for staff, particularly chefs and middle management, could drive up some wages by as much as 20%. A nationwide survey of members from the Restaurant and Catering Industry Association in 2020 showed chefs were the most difficult positions to fill.

### 5.3 Labour and Raw Material costs in Australia

Labour costs in Australia has been steadily increasing between 2016 and 2020, with the average weekly earnings of adults increasing from US\$800.2 to US\$880.5. The index of food and non-alcoholic beverages prices have also increased from 108.2 to 115.6 between 2016 to 2020.

**Table 31 Labour Cost in Australia (2016–2020)**

In US\$	2016	2017	2018	2019	2020	CAGR 2016–20
Average Weekly Earnings	800.2	819.5	842.7	864.5	880.5	2.4%

*Source: Australia Bureau of Statistics*

**Table 32 Raw Ingredients Costs in Australia (2016–2020)**

Price Index (2010 = 100)	2016	2017	2018	2019	2020	CAGR 2016–20
Index of Food and Non-Alcoholic						
Beverage Prices	108.2	108.2	108.9	112.0	115.6	1.7%
Index of Meat Prices	115.7	116.0	117.5	124.4	129.5	2.9%
Index of Fish and Seafood Prices	110.5	111.7	114.1	116.3	119.2	1.9%
Index of Vegetables Prices	121.7	124.5	121.3	126.5	133.9	2.4%
Index of Other Food Prices	103.0	101.7	101.0	100.9	104.6	0.4%

*Source: Euromonitor Passport Data (< Economics and Consumers Annual Data, 2021 Edition > ), sourced from national statistics*

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## INDUSTRY OVERVIEW

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### 5.4 Consumer Food service Competitive Landscape in Australia

#### *Multinational Chain Brands Lead Australia's Consumer Foodservice Industry*

The consumer food service industry in Australia is fragmented, having a strong presence of local and independent restaurants. In 2020, the top five companies accounted for 13.6% of the total consumer food service revenue. Within the industry, the Casual Restaurants segment which makes up the largest category in revenue is even more fragmented with the top five players accounting for just 2.5% of the segment's total revenue in 2020. The leading Casual Restaurant players are predominantly café operators fuelled by strong demand due to the growing preference for a more relaxed and flexible dining experience.

The industry has seen a slight drop of Casual Restaurants from 29,512 restaurants in 2016 to 29,414 restaurants in 2020 due to the COVID-19 pandemic. However, in light of the pandemic, the number of Fast Casual Restaurants still grew from 21,999 restaurants in 2016 to 23,270 restaurants in 2020. This is marked by the decline of Premium Casual Restaurants as consumers gravitate towards a more relaxed and convenient lifestyle. Within the Fast Casual Restaurant segment which would also include Asian noodle specialty restaurants, the number of outlets has increased. For example, a Southeast Asian noodle specialty restaurant, increased their number of restaurants from 73 in 2019 to 80 in 2020 despite the pandemic. Asian noodle specialty restaurants mentioned here would also be inclusive of Chinese cuisine restaurants that specialise in noodles.

**Table 33 Fast Casual Restaurants Competitive Landscape in Australia, Top 5 (2020)**

Market share rank*	Company	Background information	Listing status	Market share (%)	Number of restaurants
1	Company A	A coffeehouse-styled café chain established in 1989	Private	1.7	296
2	Company B	A casual restaurant operator established in 1989	Private	0.7	31
3	Company C	A coffee house chain established in 1989	Private	0.3	103
4	Company D	A Western styled coffee house chain established in 1971	Listed on NASDAQ	0.3	51
5	Company E	A café chain restaurant established in 2006	Private	0.3	49
	Others			96.7	22,740

*Note\*: Market share rank is based on the revenue receipts from largest to smallest*

*Source: Euromonitor Passport Data (<Consumer Food Service — 2021 edition>) and estimates from desk research and trade interviews with leading restaurant operators and relevant trade association*

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## INDUSTRY OVERVIEW

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### SOURCES OF INFORMATION

We commissioned the Euromonitor Report from Euromonitor to conduct an analysis of, and to report on, the consumer food service industry in Hong Kong, Mainland China, Singapore, Japan and Australia. A total fee of US\$70,500 was paid to Euromonitor for the preparation of the Euromonitor Report. Established in 1972, Euromonitor is the world leader in strategy research for both consumer and industrial markets. The Euromonitor Report has been compiled after thorough and diligent research conducted by Euromonitor's Hong Kong office. The market research process was undertaken through a top-down central research and bottom up intelligence to present a comprehensive and accurate picture of the consumer food service industry in the mentioned markets. Euromonitor's detailed primary research involved: (i) a secondary research which involved the review of Euromonitor's proprietary database, published sources from government and regulatory statistics and independent research reports; (ii) a primary research which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross-check the consistency of data and research estimates; (iii) the Euromonitor Survey conducted in May 2021, to provide key findings on "Consumer preference of casual dining in Hong Kong", (iv) projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers and (v) review and cross-checks of all sources and independent analysis. Euromonitor has utilised both primary and secondary sources to validate all data and information collected. The Euromonitor Passport Data is compiled using a mixture of desk research, store checks, trade surveys and company analysis through which data validation is reviewed at a country, regional and global level. Comparative checks are carried out on per capita consumption and spending levels, growth rates, patterns of category and subcategory breakdowns and distribution of sales by channel. Top-down estimates are reviewed against bottom-up regional and global market and company sales totals.

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## REGULATORY OVERVIEW

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### OVERVIEW

This section sets out a summary of certain aspects of the laws and regulations which are relevant to our Group's operations and business in Hong Kong, Mainland China and Singapore. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to our Group.

### HONG KONG LAWS AND REGULATIONS

#### Laws and regulations on our business operations

##### *Public Health and Municipal Services Ordinance*

The legal framework for food safety control in Hong Kong is set out in Part V of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (the "PHMSO") and its relevant subsidiary legislation. All food premises in Hong Kong are required to be licensed to ensure that they comply with the necessary health, fire and building safety requirements before opening for business. The PHMSO requires the manufacturers and sellers of food to ensure that their products are fit for human consumption and comply with the requirements of food safety and food standards etc.

Section 52 of the PHMSO provides that if any person sells to the prejudice of a purchaser any food which is not of the nature, or not of the substance, or not of the quality, of the food demanded by the purchaser shall, subject to the provisions of section 53 of the PHMSO, be guilty of an offence. The maximum penalty for contravention of section 52 of the PHMSO is a fine of HK\$10,000 and imprisonment for three months. Section 54 of the PHMSO provides that any person who sells or offers for sale any food intended for, but unfit for, human consumption shall be guilty of an offence. The maximum penalty for contravention of section 54 of the PHMSO is a fine of HK\$50,000 and imprisonment for six months.

The Food and Environmental Hygiene Department (the "FEHD") is responsible for the enforcement of the relevant laws and regulations under the PHMSO. The FEHD may make regulations to regulate the manufacturing and sale of food. It also has power to take samples of all kinds of food products, examine, seize and remove any food which is intended for human consumption.

##### *Licences and approvals*

Our Group requires the following registration, licences or approvals for the operation of our restaurants and central kitchens in Hong Kong:

- (1) Business registration certificate

Under section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), any person carrying on a business must obtain a business registration certificate. The application for a business registration certificate shall be made within one month of the commencement of business.

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(2) General restaurant licence or light refreshment restaurant licence

Any person operating a restaurant in Hong Kong is required to obtain a restaurant licence from the FEHD under the PHMSO and the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) (the “**FBR**”) before commencing the restaurant business. A general restaurant licence permits the licensee to prepare and sell any kind of food for consumption on the premises. Section 31(1)(b) of the FBR provides that except under and in accordance with a licence granted by the FEHD under the FBR, no person shall carry on or cause, permit or suffer to be carried on any restaurant business.

In deciding whether to grant a general restaurant licence, the FEHD will consider whether certain requirements in respect of health, hygiene, ventilation, gas safety, building structure and means of escape are met before issuing a restaurant licence. The FEHD will also consult the Buildings Department (the “**BD**”) and the Fire Services Department (the “**FSD**”) in assessing the suitability of premises for use as a restaurant, and the fulfilment of the BD’s structural standard and the FSD’s fire safety requirement are considered.

Apart from the general restaurant licence, a light refreshment restaurant licence can be obtained from the FEHD, which is governed by the PHMSO and the FBR. The light refreshment restaurant licence restricts the licensee to prepare and sell for consumption on the premises certain kinds of the food items as set out in Appendix B to “A Guide To Application For Restaurant Licences” (August 2021 Edition) published by the FEHD. As in the case of general restaurant licences applications, the application of light refreshment restaurant licence will be considered by the FEHD, the BD and the FSD. As light refreshment restaurant licences are intended for the preparation of a limited range of food items, the requirements for this type of restaurants in the context of the minimum area for food room (i.e. kitchen, food preparation room and scullery) are less stringent than those for general restaurants.

Under section 33C of the FBR, the FEHD may grant a provisional restaurant licence to a new applicant who has fulfilled the basic requirements in accordance with the FBR pending fulfilment of all outstanding requirements for the issue of a full restaurant licence. A provisional restaurant licence is valid for a period of six months or a lesser period and a full restaurant licence is generally valid for a period of one year, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislations and regulations. A provisional restaurant licence is renewable on one occasion and a full restaurant licence is renewable annually.

Under section 35 of the FBR, any person who carries on a restaurant business without a valid licence shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for six months and, where the offence is a continuing offence, to an additional fine of HK\$900 for each day.

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### (3) Food factory licence

In respect of food business involving the preparation of food for sale for human consumption of the premises, a food factory licence is required to be obtained from the FEHD under the PHMSO and the FBR. Section 31(1)(a) of the FBR provides that except under and in accordance with a licence granted by the FEHD under the FBR, no person shall carry on or cause, permit or suffer to be carried on any food factory business.

In deciding whether to grant a food factory licence, the FEHD will consider whether certain requirements in respect of health, hygiene, ventilation, gas safety, building structure and means of escape are met before issuing a food factory licence. The FEHD will also consult the BD and the FSD in assessing the suitability of premises for use as a food factory, where the fulfilment of the BD's structural standard and the FSD's fire safety requirement are considered.

Under section 33C of the FBR, the FEHD may grant a provisional food factory licence to a new applicant who has fulfilled the basic requirements in accordance with the FBR pending fulfilment of all outstanding requirements for the issue of a full food factory licence. A provisional food factory licence is valid for a period of six months or a lesser period and a full food factory licence is generally valid for a period of one year, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislations and regulations. A provisional food factory licence is renewable on one occasion and a full food factory licence is renewable annually.

Under section 35 of the FBR, any person who carries on a food factory business without a valid licence shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for six months and, where the offence is a continuing offence, to an additional fine of HK\$900 for each day.

### (4) Restricted food permit

Under sections 30(1), 31A and Schedule 2 of the FBR and according to the guidelines of the FEHD, no person shall sell, or offer or expose for sale, or possess for sale or for use in the preparation of any article of food for sale, certain foods specified in Schedule 2 of the FBR (including sashimi, sushi, cut fruit, soft ice cream and non-bottled drinks) save with the permission in writing of the FEHD.

Under section 35 of the FBR, any person who contravenes section 30(1) of the FBR shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for six months, and where the offence is a continuing offence, to an additional fine of HK\$900 for each day.

### ***Food Safety Ordinance***

The Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) (the "FSO") establishes a food tracing mechanism to help the government trace the source of the food move effectively and take prompt action when dealing with food incidents. The food tracing mechanism includes a registration scheme for food distributors and a record-keeping requirement relating to movement of food.

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### *Registration scheme*

Section 5 of the FSO requires a person who carries on a food distribution business to register as a food distributor under the ordinance. A person who, without reasonable excuse, contravenes section 5 commits an offence and is liable to a maximum fine of HK\$50,000 and imprisonment for six months. Food distributors who have already obtained a licence under Part IV of the FBR are exempted from the registration requirement.

### *Record-keeping requirement*

Further, the FSO imposes respective record-keeping obligations on food importers, food distributors and all other persons who acquire food in the course of business to enhance traceability of food in Hong Kong.

Under section 21 of the FSO, a person who, in the course of business, acquires food in Hong Kong must record certain information of the food including (a) the date the food was acquired; (b) the name and contact details of the person to whom the food was acquired; (c) the total quantity of the food; and (d) a description of the food. Such record must be made within 72 hours after the time the food was acquired. A person who, without reasonable excuse, fails to make a record; includes in a record information that the person knows is false in a material particular; or recklessly includes in a record information that is false in a material particular commits an offence and is liable to a maximum fine of HK\$10,000 and imprisonment for three months.

### *Demerit points system*

The demerit points system is a penalty system operated by the FEHD to sanction food businesses for repeated violations of relevant hygiene and food safety legislations. Under the system:

- (a) if within a period of 12 months, a total of 15 demerit points or more have been registered against a licensee in respect of any licensed premises, the licence in respect of such licensed premises will be subject to suspension for seven days (the “**First Suspension**”);
- (b) if, within a period of 12 months from the date of the last offence leading to the First Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to suspension for 14 days (the “**Second Suspension**”);
- (c) thereafter, if within a period of 12 months from the date of the last offence leading to the Second Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to cancellation;
- (d) for multiple offences found during any single inspection, the total number of demerit points registered against the licensee will be the sum of the demerit points for each of the offences;
- (e) the prescribed demerit points for a particular offence will be doubled and tripled if the same offence is committed for the second and the third time within a period of 12 months; and

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- (f) any alleged offence pending, that is the subject of a hearing and not yet taken into account when a licence is suspended, will be carried over for consideration of a subsequent suspension if the licensee is subsequently found to have violated the relevant hygiene and food safety legislations upon the conclusion of the hearing at a later date.

After the suspension period, the demerit points pertaining to the suspension are called. If no demerit point is registered against the licensee for a period of 12 months, all demerit points and previous suspension records are cancelled.

### *Warning letter system*

The FEHD has implemented a warning letter system where it can cancel provisional and full food business licences in respect of breaches of licensing requirements or conditions. Under such system, breaches of licensing requirements or conditions will result in issuing of verbal/written warnings to the licensee. Accumulation of three written warnings in any period of six months will lead to cancellation of a full food business licence. In addition to the above, if the breach of the law or licensing requirement or condition is considered to be of public health or safety significance or very serious in nature, the FEHD may exercise his authority under the PHMSO to suspend or cancel the licence with immediate effect.

### *Hygiene Manager and Hygiene Supervisor Scheme*

To strengthen food safety supervision in licensed food premises, the FEHD has introduced the Hygiene Manager and Hygiene Supervisor Scheme under which all large food establishments and food establishments producing high risk food are required to appoint a hygiene manager and a hygiene supervisor; and all other food establishments are required to appoint a hygiene manager or a hygiene supervisor. General restaurants which accommodate over 100 customers are required to appoint a hygiene manager and a hygiene supervisor.

Food business operators are required to train up their staff or appoint qualified persons to take up the post of hygiene manager or hygiene supervisor. According to “A Guide to Application for Restaurant Licences (August 2021 Edition)” of the FEHD, one of the criteria for the issuance of a provisional restaurant licence/full restaurant licence is the submission of a duly completed nomination form for hygiene manager and/or hygiene supervisor together with a copy of the relevant course certificate(s).

Hygiene managers’ duties include identifying key areas of risk in various food operations, ensuring compliance with the regulations, licensing conditions and codes of practice relating to food businesses, monitoring the health condition of food handlers, providing in-house training for the food handlers, handling complaints or enquiries from customers on food hygiene matters, and acting as a focal point of contact with the FEHD.

Hygiene supervisors’ duties include advising food handlers on the proper food handling practices and ensuring their observance, conducting daily checks on the personal, environmental and food hygiene conditions of the food establishment and keeping records on the findings, and acting as a focal point of contact with the FEHD where the relevant food establishment is not required to appoint a hygiene manager.



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### Laws and regulations on employment

#### *Employment Ordinance*

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “EO”) provides for, amongst other things, the protection of the wages of employees, to regulate general conditions of employment, and for matters connected therewith.

Under section 25 of the EO, where a contract of employment is terminated, any sum due to the employee shall be paid to him/her as soon as it is practicable and in any case not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the EO commits an offence and is liable to a maximum fine of HK\$350,000 and imprisonment for three years.

Further, under section 25A of the EO, if any wages or any sum referred to in section 25(2)(a) of the EO are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Under section 63CA of the EO, any employer who wilfully and without reasonable excuse contravenes section 25A of the EO commits an offence and is liable on conviction to a maximum fine of HK\$10,000.

#### *Employees’ Compensation Ordinance*

The Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “ECO”) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees respectively in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under section 5 of the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity arising from an occupational disease or dies from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Under section 15 of the ECO, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within seven days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such period of seven or 14 days (as the case may be), then such notice shall be given not later than seven days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

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Under section 40 of the ECO, all employers are required to take out insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all of their employees (including full-time and part-time employees). Under section 40(2) of the ECO, an employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 and to imprisonment for two years, and on summary conviction to a fine of HK\$100,000 and imprisonment for one year.

### *Minimum Wage Ordinance*

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the “**MWO**”) provides for a statutory minimum hourly wage rate (currently set at HK\$37.5) during the wage period for every employee engaged under a contract of employment under the EO (except those specified under section 7 of the MWO). Any provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void.

### *Mandatory Provident Fund Schemes Ordinance*

Section 7 of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the “**MPFSO**”) requires every employer of a relevant employee must take all practicable steps to ensure that the employee becomes a member of a registered scheme within the permitted period after the relevant time. Section 7A of the MPFSO requires an employer who is employing a relevant employee must, for each contribution period occurring after that commencement (a) from the employer’s own funds, contribute to the relevant registered scheme the amount determined in accordance with MPFSO; and (b) deduct from the employee’s relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with MPFSO.

The amount to be contributed and/or deducted by an employer for a contribution period is in the case of a casual employee who is a member of an industry scheme, an amount determined by reference to a scale specified in an order made in accordance with MPFSO.

### *Occupiers Liability Ordinance*

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) (the “**OLO**”) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The OLO imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitors will be reasonably safe in using the premises for the purposes for which he/she is invited or permitted by the occupier to be there.

### *Occupational Safety and Health Ordinance*

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the “**OSHO**”) provides for the protection of safety and health to employees in workplaces, both industrial and non-industrial.

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Employers must as far as reasonably practicable, ensure the safety and health at work of all of their employees by (including but without limitation):

- providing and maintaining plant and systems of work that are safe and without risks to health;
- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and
- providing or maintaining a working environment for the employees that is safe and without risks to health.

Under section 6 of the OSHO, failure to comply with any of the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and imprisonment for six months.

The Commissioner for Labour may also issue (i) an improvement notice against any non-compliance of OSHO or the Factory and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong); or (ii) a suspension notice against an employer if in general an activity is undertaken at the workplace which may create an imminent hazard to the employees. Failure to comply with such notices without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively, and imprisonment for 12 months.

### **Laws and regulations on environmental protection**

#### ***Water Pollution Control Ordinance***

In Hong Kong, the discharge of trade effluents into specific water control zones is subject to control and the discharger is required to obtain a water pollution control licence granted by the Director of Environmental Protection (the “DEP”) under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (the “WPCO”) before commencing the discharge.

Under section 8(1) of the WPCO, a person who discharges (i) any waste or polluting matter into the waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and under section 8(2) of the WPCO, where any such matter is discharged from any premises, the occupier of the premises also commits an offence.

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Under section 9(1) of the WPCO, generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and under section 9(2) of the WPCO, where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence.

Under section 11 of the WPCO, a person who commits an offence under sections 8(1), 8(2), 9(1) or 9(2) of the WPCO is liable to imprisonment for six months and a fine of HK\$200,000 for first offence and up to HK\$400,000 for a second or subsequent offence and in addition, if the offence is continuing, to a fine of HK\$10,000 for each day the offence has continued.

Under sections 12(1)(a)(i) and 12(1)(b) of the WPCO, a person does not commit an offence under sections 8(1), 8(2), 9(1) or 9(2) of the WPCO if (i) he proves that the discharge or deposit in question is an existing discharge or deposit in respect of which an application for a water pollution control licence has been made and the prescribed application fee paid when required and the applicant has not been notified of a refusal to grant a licence; or (ii) the discharge or deposit in question is made under, and in accordance with, a water pollution control licence.

Under section 15 of the WPCO, the DEP may grant a water pollution control licence on terms and conditions as he thinks fit specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

A water pollution control licence may be granted for a period of not less than two years, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the relevant legislations and regulations. A water pollution control licence is renewable.

### **Others**

#### ***Competition Ordinance***

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the “CO”) is to prohibit conduct that prevents, restricts or distorts competition in Hong Kong; to prohibit mergers that substantially lessen competition in Hong Kong, and to provide for incidental and connected matters.

The CO includes the First Conduct Rule, which states that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. The Second Conduct Rule prohibits anti-competitive conduct by a party with substantial market power; and the Merger Rule, which states that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong.

Upon breach, the Competition Tribunal may impose against offenders pecuniary penalty, director disqualifications, and prohibition, damage and other orders. For pecuniary penalty, section 93 of the CO enables the Competition Tribunal to award a penalty up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

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### *Import and Export Ordinance*

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “**IEO**”) is an ordinance which provides for the regulation and control of, amongst other things, the import and export of products into or out of Hong Kong.

According to section 6C of the IEO, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong), except under and in accordance with an import licence. Applications for import licence are handled by the Director General of Trade and Industry pursuant to section 3 of the IEO. A person who fails to comply with this section commits an offence and is liable on conviction to a maximum fine of HK\$500,000 and two years’ imprisonment.

### *Trade Descriptions Ordinance*

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the “**TDO**”) prohibits unfair trade practices deployed against consumers. A trade description includes an indication of quantity, composition, and fitness for purpose, performance, physical characteristics and place of origin with respect to any goods. Under section 7A of the TDO, it is an offence for any person to apply a false or misleading trade description to service or to supply service to which false trade descriptions have been applied. Under sections 13E, 13F, 13G, 13H and 13I of the TDO, misleading omission and aggressiveness in advertisements, bait advertising, bait and switch advertising and wrongly accepted payments are prohibited.

To enhance protection of consumers against other commonly seen unfair trade practices in consumer transactions, and to prohibit false trade descriptions to both goods and services, the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 amended and extended the coverage of the TDO.

A person who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H or 13I of the TDO shall be guilty of an offence and shall be liable on conviction on indictment to a maximum fine of HK\$500,000 and imprisonment for five years, and on summary conviction to a maximum fine of HK\$100,000 and imprisonment for two years.

### *Factories and Industrial Undertakings Ordinance*

All of our restaurants operating in Hong Kong are subject to the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the “**FIUO**”), as an industrial undertaking includes the preparation of food for consumption and sale on the premises where it is prepared. Under section 6A of the FIUO, it is the duty of every proprietor of an industrial undertaking to ensure the health and safety at work of all persons employed by him at the industrial undertaking. The proprietor’s general duties include, so far as is reasonably practicable: (a)

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## REGULATORY OVERVIEW

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providing and maintaining plant and systems of work that are safe and without risks to health; (b) arranging for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances; (c) providing such information, instruction, training and supervision as is necessary to ensure the health and safety at work of all persons employed by him at the industrial undertaking; (d) as regards any part of the industrial undertaking under the proprietor's control, maintaining it in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from it that are safe and without such risks; and (e) providing and maintaining a working environment for all persons employed by him at the industrial undertaking that is safe, and without risks to health. A proprietor who contravenes such duties commits an offence and is liable to a fine of HK\$500,000. If the contravention is committed wilfully and without reasonable excuse, the proprietor is liable to a fine of HK\$500,000 and imprisonment for six months.

The Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations (Chapter 59V of the Laws of Hong Kong) (the “**FIU(F)R**”) ensures that the proprietor of every workplace shall maintain a means of escape from the workplace in good condition and free from obstruction. Under regulation 5(1) of the FIU(F)R, the proprietor of every notifiable workplace shall maintain in good condition and free from obstruction every doorway, stairway and passageway within the workplace which affords a means of escape from the workplace in case of fire.

Under regulation 14(5) of the FIU(F)R, the proprietor of any notifiable workplace who contravenes regulation 5(1) of the FIU(F)R without reasonable excuse commits an offence and is liable to a fine of HK\$200,000 and imprisonment for six months.

### PRC LAWS AND REGULATIONS

#### Laws and regulations relating to food safety and food business operation licence

##### *Food Safety*

According to the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the “**Food Safety Law**”), which was promulgated by the Standing Committee on 28 February 2009 and last amended on 29 April 2021, food producers and business operators shall engage in production and trading activities in accordance with the laws, regulations and food safety standards, ensure food safety, act in good faith and be self-disciplined, be accountable to society and the public, accept public supervision and assume social responsibility.

Article 122 of the Food Safety Law stipulates that where any person, in violation of this Law, engages in food production or trade activities without a food production or trade permit or engages in the production of food additives without a food additive production permit, the food safety supervision and administration department of the people's government at or above the county level shall confiscate its illegal income, the food or food additives illegally produced or dealt in, and the tools, equipment, ingredients, and other items used for illegal production or operation; and impose a fine of not less than RMB50,000 but not more than RMB100,000 if the goods value of the food or food additives illegally produced or dealt in is less than RMB10,000 or a fine of not less than ten times but not more than 20 times the goods value if the goods value is RMB10,000 or more.

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The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》) (the “**Implementation Rules**”), which was promulgated by the State Council on 20 July 2009, amended on 11 October 2019 and came into force on 1 December 2019, further specifies the detailed measures to be taken and the requirements to be complied with by food producers or business operators in order to ensure food safety.

Where the production or business operation conditions of a food producers or business operators change and no longer satisfy the requirements for food production or business operation, the food producers or business operators shall immediately take corrective measures. If necessary, the food producers or business operators shall re-apply for a licence in accordance with the law.

### *Food business operation licence*

The Administrative Measures for Food Business Operation Licensing (《食品經營許可管理辦法》) (the “**Administrative Measures**”), which was promulgated by China Food and Drug Administration (now integrated into the State Administration for Market Regulation) on 31 August 2015, came into force on 1 October 2015 and amended on 17 November 2017, further specifies the detailed measures for food business operation licensing management.

Food business operation licensing shall be subject to the principle of one licence for one site, that is, a food operator shall obtain a food business operation licence for each business premise. The local food and drug administrations at and above the county level shall oversee and inspect the licensing matters of food business operators in accordance with the responsibilities prescribed by laws and regulations. A food business operation licence application shall meet certain conditions including but not limited to meeting the requirements of food operation place and operating equipment or facilities; having full-time or part-time food safety management personnel and food safety management personnel and food safety regulations; having reasonable equipment layout and technological process.

Where the licensing matters which are indicated on a food business operation licence change, a food business operator shall, within ten working days after the changes take place, file a licence modification application with the food and drug administration authority which issued the original licence. Where the business premise changes, the food business operator shall file a new application for a food business operation licence. If the address of the external warehouse changes, the food trader shall, within ten working days after the change, report it to the food and drug administration issuing the original licence.

### **Laws and regulations relating to liquor sale and central kitchen in Guangdong Province**

Pursuant to the Shenzhen Implementation Measures of Food business Operation License (Trial) 《深圳市食品經營許可實施辦法(試行)》 (the “**Shenzhen Implementation Measures**”), which was promulgated by Shenzhen Administration Commission For Market and Quality Supervision (now integrated into the Shenzhen Administration for Market Regulation) on 16 March 2016, catering service operators serving non-self-produced alcoholic beverages for on-site consumption or selling non-self-produced prepackaged food at their catering service premises are not required to specify such sales category on the food business operation licence.

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## REGULATORY OVERVIEW

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According to the Administration Measures, catering service operators including central kitchen operator in Guangdong Province shall apply for food business operation licences to the local food and drug administrations at or above the county level.

### Online Catering Services

In accordance with Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services (《網絡餐飲服務食品安全監督管理辦法》), as effective on January 1, 2018, and amended on October 23, 2020, online catering service providers shall have their own physical venues and obtain the food business operation licenses according to the law, and shall carry out business activities pursuant to the business forms and business items specified on their own food business operation licenses, and they shall not operate beyond the business scope. Online catering service providers which do not have any physical venue, or fail to obtain the food business operation licenses in accordance with the law shall be punished by the local food and drug administrative authorities at or above the county level according to Article 122 of the Food Safety Law.

### Laws and regulations relating to fire safety

According to Article 15 of the Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”), which was promulgated by the Standing Committee on 29 April 1998, came into force on 1 September 1998 and last amended on 29 April 2021, before a public assembly venue is put into use or opens for business, the developer or user entity shall apply to the fire rescue department of the local people’s government at or above the county level for a fire safety inspection. Accordingly, catering services enterprises which establish restaurants in the PRC are required to apply for a safety inspection on fire prevention with the relevant fire prevention department where the venue is located before such place is put into use and operation.

The fire rescue department shall, within 10 working days from the day of accepting the application, conduct a fire safety inspection of the said place according to the technical standards and administration requirements in relation to fire prevention. The said place shall not be put into use or open for business if it has not undergone a fire safety inspection or does not conform to the fire safety requirements upon inspection.

### Laws and regulations relating to discharge of sewage

According to the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (the “**Measures**”, 《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on 22 January 2015 and came into force on 1 March 2015, drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage licence in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage licence shall not discharge sewage into urban drainage facilities.



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## REGULATORY OVERVIEW

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### Laws and regulations relating to trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the Standing Committee on 23 August 1982 and was last amended on 23 April 2019, the period of validity for registered trademark is 10 years, commencing from the date of registration. Upon expiry, the period of validity for the registered trademark may be renewed by the registrant through an application for the extended usage which should be submitted within 12 months prior to the expiry as required. Where it is unable to submit the application during the period, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the subject trademark. In absence of renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority for investigating any behaviour in infringement of the exclusive right under a registered trademark. In case of a suspected criminal offence, the case shall be referred to a judicial authority in time according to laws.

### Laws and regulations relating to labour protection

#### *Labour laws*

Companies in the PRC are subject to (i) the PRC Labour Law (《中華人民共和國勞動法》) (the “**PRC Labour Law**”), which was promulgated on 5 July 1994 and became effective on 1 January 1995, and was further amended on 27 August 2009 and 29 December 2018, (ii) the PRC Labour Contract Law (《中華人民共和國勞動合同法》) (the “**PRC Labour Contract Law**”), which was promulgated on 29 June 2007 and became effective on 1 January 2008, and was further amended on 28 December 2012, and (iii) the Implementation Regulations of the PRC Labour Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council on 18 September 2008 and became effective on the same date, as well as other related regulations, rules and provisions promulgated by the relevant government authorities from time to time.

According to the PRC Labour Law and the PRC Labour Contract Law, a labour contract in writing shall be concluded when a labour relationship is to be established between an employer and an employee. Employers shall pay wages that are not lower than the local minimum wage standards to the employees. Employers are also required to establish labour safety and sanitation systems in compliance with PRC rules and standards, and to provide relevant training to the employees.

The Shenzhen Bureau of Human Resources and Social Security promulgated the Notice on Adjustments to the Minimum Wage Standard in Shenzhen (Shen Ren She Gui [2018] No.11) (《深圳市人力資源和社會保障局關於調整本市最低工資標準的通知(深人社規[2018]11號)》) on 29 June 2018, it stipulates that the minimum wage standard for full-time employees in Shenzhen is RMB2,200 per month and the minimum wage standard for part-time employees in Shenzhen is RMB20.3 per hour since 1 August 2018. On 3 December 2020, the Shenzhen Bureau of Human Resources and Social Security promulgated another notice stipulating that taking into account the impact of the coronavirus epidemic on the economy and society, with the approval of the municipal government, the minimum wage standard in 2020 remained unchanged.

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### *Dispatched Workers*

According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may employ dispatched workers in temporary, auxiliary or substitute positions only. The aforementioned temporary positions refer to positions lasting for no more than six months; ancillary positions refer to positions of non-major business that serve positions of major business; and substitute positions refer to positions that can be substituted by other workers for a certain period of time during which the workers who originally hold such positions fail to work due to full-time study, on leave or other reasons. According to the Interim Provisions on Labor Dispatch, the employers should strictly control the number of dispatched workers, and the number of the dispatched workers shall not exceed 10% of the total amount of their employees.

Pursuant to the Interim Provision on Labor Dispatch, the PRC Labor Contract Law and the Implementation Regulations of the PRC Labour Contract Law, the employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to make rectification within a stipulated period. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

### *Social insurance and housing provident funds*

The PRC social insurance system is mainly governed by the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the “**PRC Social Insurance Law**”) which was promulgated by the Standing Committee on 28 October 2010 and amended on 29 December 2018. According to the Social Insurance Law, the Decision on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) (effective from 14 December 1998), the Regulation of Insurance for Work-Related Injuries (《工傷保險條例》) (effective from 1 January 2011), the Trial Measures for Maternity Insurance of the Staff and Workers in Enterprises (《企業職工生育保險試行辦法》) (effective from 1 January 1995), the Regulations on Unemployment Insurance (《失業保險條例》) (effective from 22 January 1999) and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (effective from 22 January 1999 and most recently amended on 24 March 2019), employers in the PRC shall register social insurance with the competent authorities, and pay five basic types of social insurance premiums for their employees, covering, basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance.

According to the Regulations on Management of Housing Provident Funds (《住房公積金管理條例》) (the “**Housing Provident Funds Regulations**”) which was promulgated by the State Council and came into effect on 3 April 1999 and was amended on 24 March 2002 and 24 March 2019, all business entities (including foreign invested enterprises) are required to register with the local housing provident funds management centre and maintain housing fund accounts and pay the related funds for their employees. In addition, for both employees and employers, the payment rate for housing provident fund shall not be less than 5% of the average monthly salary of the employees in the previous year. The payment rate may be raised if the employer desires so.

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## REGULATORY OVERVIEW

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### Laws and regulations relating to foreign investment in catering industry

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the “**Negative List**”), which was promulgated by the National Development and Reform Commission of the PRC (the “**NDRC**”) and the Ministry of Commerce of the PRC (the “**MOFCOM**”) on 23 June 2020 and came into force on 23 July 2020, lists out the special management measures for foreign investment access such as the requirements on shareholding and senior management.

According to Article 28 of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “**Standing Committee**”) on 15 March 2019 and came into force on 1 January 2020, a foreign investor may not invest in a field in which investments are prohibited by the Negative List. For fields outside of the Negative List, investment administration shall be conducted under the principle of equal treatment to domestic and foreign investment. The catering industry does not fall into the Negative List where foreign investment is prohibited or restricted, and does not involve any special management measures for foreign investment access. The establishment of a wholly foreign-owned catering services enterprise requires registration in accordance with the relevant provisions of the Foreign Investment Law, and submission of investment information to the competent commerce department through the enterprise registration system and the enterprise credit information publicity system.

### Laws and regulations relating to foreign exchange

The Regulation of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulation**”), most recently amended by the State Council on 1 August 2008 and effective on 5 August 2008, is the principal regulation on foreign currency exchange in the PRC. According to the Foreign Exchange Regulation, RMB is freely convertible for current account items after due process, including distribution of dividends, trade and service-related foreign exchange transactions, whereas foreign exchange for capital account items, such as direct investments or loans, requires prior approval of and registration with State Administration of Foreign Exchange (the “**SAFE**”).

On 30 March 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”), which became effective on 1 June 2015. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises.

According to the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the “**Circular 28**”), which was promulgated by SAFE and became effective on 23 October 2019, apart from foreign-invested enterprises engaged in investment business, foreign-invested enterprises engaged in other businesses are also permitted to make domestic equity investments with their capital funds under the condition that the Negative List is not violated and the relevant domestic investment projects are true and compliant.

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## REGULATORY OVERVIEW

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### Laws and regulations relating to taxation

#### *Enterprise income tax*

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), promulgated by the National People’s Congress on 16 March 2007 and amended on 29 December 2018 and the Implementation Rules of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “**Implementation Rules**”) enacted by the State Council on 6 December 2007 and amended on 23 April 2019, a tax rate of 25% will be applied towards foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises. Furthermore, the EIT Law and its Implementation Rules provide that withholding tax at a rate of 10% will normally apply to dividends payable to non-PRC investors which are derived from sources within the PRC. Moreover, any gain realised on the transfer of shares by investors will be subject to 10% tax if such gain is regarded as income derived from sources within the PRC.

#### *Value-added tax*

Pursuant to the Interim Value-added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) which was amended and became effective on 19 November 2017 and the Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was amended on 28 October 2011 and became effective on 1 November 2011 (collectively the “**VAT Law**”), all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay value-added tax at a rate of 17.0% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Further, when exporting goods, the exporter is entitled to all the refund of VAT that it has already paid or borne unless otherwise stipulated.

On 4 April 2018, MOF and SAT jointly issued Circular on Adjusting Value-added Tax Rate (《關於調整增值稅稅率的通知》) to further adjust the VAT rate, including the change of tax rate from 17% and 11% to 16% and 10% respectively for the taxable sales or import of goods by the tax payer.

According to the Announcement on Policies Concerning Deepening the Reform of Value-added Tax (《關於深化增值稅改革有關政策的公告》), which was promulgated on 20 March 2019 and became effective on 1 April 2019, a VAT general taxpayer who is previously subject to 16% and 10% on VAT-taxable sales activities shall have the applicable tax rates adjusted to 13% and 9% respectively.

#### *Withholding income tax and tax treaties*

Pursuant to an Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Double Tax Avoidance Arrangement**”), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other governing laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, in compliance with the Notice of SAT on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated and became effective on 20

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February 2009, if the relevant PRC tax authorities determine in their discretion that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

### SINGAPORE LAWS AND REGULATIONS

#### Laws and regulations on our business operations

##### *Foodshop licence*

Under section 32(1) of the Environmental Public Health Act (Chapter 95) of Singapore (the “EPHA”), any person who operates or uses a food establishment for any purpose specified in the EPHA is required to obtain a Licence to Operate a Foodshop from the Director-General, Food Administration (the “**Director General**”).

Under the First Schedule to the EPHA, “food establishment” includes any retail food establishments where food is sold wholly by retail (whether or not the food sold is also prepared, stored or packed for sale or consumed at such premises), such as restaurants and supermarkets, and any catering establishments providing a catering service whereby food is prepared, packed and thereafter delivered to a consumer for his consumption or use. Any retail food establishments or catering establishments that are part of a non-retail food business within the meaning of the Sale of Food Act (Chapter 283 of Singapore) are exempted from obtaining a licence under the EPHA.

The Licence to Operate a Foodshop is valid for one year and upon expiry, operators are required to renew the licence if he wishes to continue with the business. It is an offence to operate a food establishment without a valid licence under the EPHA and offenders may be fined up to \$10,000 for operating a food establishment without a valid licence.

The Environmental Public Health (Food Hygiene) Regulations (the “EPHR”) requires a licensee holding a Licence to Operate a Foodshop to exhibit such licence in a conspicuous and accessible position within the licensed premises. The EPHR also provides that a licensee holding a Licence to Operate a Foodshop must adhere to certain requirements in relation to, among other things:

- (a) registration of any employees who are engaged in the sale or preparation for sale of any food with the Director-General;
- (b) storage and refrigeration, packaging, thawing of frozen meat, storage of raw meat and uncooked fish, transportation, sale and preparation of food;
- (c) cleanliness of equipment used in the licensed premises;
- (d) upkeep of the licensed premises; and
- (e) personal cleanliness of any persons who are engaged in the sale or preparation for sale of food.

Any person who contravenes or fails to comply with any of the provisions of the EPHR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$2,000 and, in the case of a continuing offence, to a further fine not exceeding S\$100 for every day during which the offence continues after conviction.

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### *Licence to operate a food establishment*

Section 21 of the Sale of Food Act (Chapter 283) of Singapore requires any person who carries out a non-retail food business to obtain a Licence to Operate a Food Establishment from the Director-General. Any person who contravenes section 21 of the Sale of Food Act shall be guilty of an offence and may be arrested without warrant by any police officer or authorised officer and taken before a Magistrate's Court in Singapore.

Under the Sale of Food Act, “non-retail food business” means a food business that is not carried out for a purpose specified in the First Schedule to the EPFA and not a primary food production business, but includes a food business a component of which is a business, an undertaking or activity carried out for a purpose specified in the First Schedule to the EPFA. A “non-retail food business” within the meaning of the Sale of Food Act includes (but is not limited to) central kitchens supplying food prepared, cooked and packed for the purpose of distribution to retail food businesses.

The Sale of Food (Non-Retail Food Business) Regulations (the “SFNR”) requires a licensee holding a Licence to Operate a Food Establishment to exhibit such licence in a conspicuous position in the licensed food establishment. Under the SFNR a licensee:

- (a) shall ensure that food is stored in such a way that is protected from the likelihood of contamination and that the environmental conditions under which it is stored will not adversely affect the safety and suitability of food; and
- (b) ensure that prescribed standards of personal cleanliness in relation to persons who are engaged in the preparation of food are maintained.

Any person who contravenes the above provisions in the SFNR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 and, in the case of a continuing offence, to a further fine not exceeding S\$100 for every day during which the offence continues after conviction.

### *Licence for import of meat and fish products*

The Wholesome Meat and Fish Act (Chapter 349A) of Singapore (the “WMFA”) requires any person who imports any meat product or fish product into Singapore to apply for a Licence for Import, Export, and Transshipment of Meat Products and Fish Products from the Director-General. A person who fails to comply with the requirement to apply for a licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding three years or to both.

In addition, under section 6(1) of the WMFA, any licensee who imports any meat products or fish products for sale, supply or distribution in Singapore must, among other things, obtain a permit from the Director-General for each consignment of meat products or fish products to be imported by him and the import of each consignment must be carried out in accordance with the conditions of the permit. A person who fails to comply with section 6(1) of the WMFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two years or to both.

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Licencees holding a Licence for Import, Export, and Transshipment of Meat Products and Fish Products must also comply with additional requirements set out in the relevant subsidiary legislation of the WMFA.

### *Import of processed food products and food appliances*

The import of processed food products and food appliances is regulated by the SFA. Processed food products refer generally to all food products and supplements of food nature that are not grouped as meat products, fish products, or fresh fruits and fresh vegetables. Any person who imports processed food products and food appliances is required to register with the SFA.

### *Points demerit system*

The SFA has in place a points demerit system (“**PDS**”), which is a systematic and fair approach in dealing with the suspension or cancellation of licences for food hygiene infringements.

Under the PDS, depending on the nature of the offence, demerit points are given for each public health offence according to the following categories:

- (a) Minor offences — 0 demerit points;
- (b) Major offences — 4 demerit points; and
- (c) Serious offences — 6 demerit points.

If a licensee accumulates 12 demerit points or more within 12 months, his licence will either be suspended for two weeks or four weeks, or be cancelled, depending on past record of suspension.

The SFA conducts annual on-site audit assessments on SFA-licensed local food establishments to determine their grading status, and provide on-site advice to help them improve and upgrade their premises. All licensed food establishments (including cold stores, slaughter-houses and food processing establishments) in Singapore are categorised into 4 grades:

- (a) A (Excellent);
- (b) B (Good);
- (c) C (Average); and
- (d) D (Pass).

Each food establishment will be graded annually based on its food hygiene and food safety standards before its licence expires. The grade awarded will encourage the establishment to strive for better grades and seek improvement in food hygiene and safety standards. The areas of audit assessment of food establishments include but are not limited to general cleanliness and housekeeping of premises, food storage, food processing equipment and facilities, food hygiene training and documentation.

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## REGULATORY OVERVIEW

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### *Liquor control*

Section 4(1) of the Liquor Control (Supply and Consumption) Act 2015 (No. 5 of 2015) (the “LCA”) requires any person who supplies any liquor to obtain a Liquor Licence. Any person who contravenes section 4(1) of the LCA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 and, where the person is a repeat offender, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding three months or to both.

The LCA also requires the licensee to not supply any liquor or allow any liquor to be consumed within the licensed premises outside of the trading hours specified in the Liquor Licence. A licensee who contravenes this section of the LCA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000.

### **Laws and regulations on employment**

#### *Workplace Safety and Health Act*

Under the Workplace Safety and Health Act (Chapter 354A) of Singapore (the “WSHA”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work, including:

- (a) providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees;
- (c) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer;
- (d) developing and implementing procedures for dealing with emergencies that may arise while the employees are at work; and
- (e) ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

The WSHA applies to employees under a contract of service. In the event of any contravention by an employer of this section of the WSHA, that person shall be guilty of an offence. Any person guilty of an offence under the WSHA for which no penalty is expressly provided by the WSHA shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.



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## REGULATORY OVERVIEW

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### *Work Injury Compensation Act 2019*

In general, the Work Injury Compensation Act 2019 (No. 27 of 2019) (“**WICA**”) applies to most employees in all industries engaged under a contract of service in respect of injuries suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

Pursuant to the WICA, an employer is liable to compensate an employee if personal injury by an accident arising out of and in the course of the employment is caused to such employee. Under section 24(1) of the WICA, employers are required to insure and maintain insurance under one or more approved policies with one or more designated insurers against all liabilities that the employer may incur under the WICA in respect of every employee of the employer subject to any minimum prescribed amount for which an employer must be insured in respect of any of the employer’s liabilities under the WICA. An employer who contravenes section 24(1) of the WICA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 month or to both or if the person is a repeat offender, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding 12 months or to both.

### *Employment Act*

The Employment Act (Chapter 91) of Singapore (“**EA**”) is administered by the Ministry of Manpower (“**MOM**”) and sets out the basic terms and conditions at work for employees covered under the EA. The term “employee” is defined in the EA to mean a person who has entered into or works under a contract of service with an employer and includes, amongst others, a workman, but does not include certain specified categories of employees including, amongst others, any domestic worker.

Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than a workman or a person employed in a managerial or executive position) who receives a salary not exceeding S\$2,600 a month. For example, Section 38(8) of the EA provides generally that such employees are not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the EA limits the extent of overtime work that such employees can perform to 72 hours a month.

Any employer who employs any person contrary to the provisions of Part IV of the Employment Act or fails to pay any salary in accordance with the provisions of Part IV of the EA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

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## REGULATORY OVERVIEW

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### *Employment of Foreign Manpower Act*

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore (“**EFMA**”). Section 5(1) of the EFMA provides generally that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from MOM, which allows the foreign employee to work for him. Such employment must be in accordance with the conditions of the foreign employee’s work pass. Any person who fails to comply with or contravenes section 5(1) of the EFMA shall be guilty of an offence and shall: (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) on a second or subsequent conviction: (i) in the case of an individual, with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

In relation to the employment of foreign professionals, managers and executives, employers must ensure that such persons apply for an Employment Pass. The Employment Pass is intended for professionals who earn a monthly fixed salary of at least S\$4,500 and have acceptable qualifications. Older, more experienced candidates would require higher salaries to qualify. Besides the salary requirement, such foreign professionals must have a job offer in Singapore, work in a managerial, executive or specialised job, and have acceptable qualifications (usually a good university degree, professional qualifications or specialised skills) to be eligible for an Employment Pass.

An employer of foreign workers is also subject to, among other things, the EA, the EFMA and the Immigration Act (Chapter 133 of Singapore).

### **Taxation**

The summary below of certain taxes in Singapore is of a general nature and based on current tax laws in Singapore and regulations and decisions now in effect, all of which are subject to change (possibly with retroactive effect). These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below. This summary is not intended to constitute a complete analysis of the taxes mentioned. It is not intended to be and does not constitute legal or tax advice. Prospective investors should consult their own tax advisers concerning the application of Singapore tax laws to their particular situation.

### *Corporate Income Tax*

A company is regarded as a tax resident in Singapore when the control and management of the company is exercised in Singapore. Corporate taxpayers (both Singapore tax residents and non-residents) are subject to Singapore income tax on income accruing in or derived from Singapore and income received in Singapore from outside Singapore, unless specifically exempt from income tax.

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## REGULATORY OVERVIEW

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Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore on or after 1 June 2003 provided that the following qualifying conditions are met:

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

The prevailing corporate tax rate in Singapore is 17%. The first S\$200,000 of a company's normal chargeable income from YA2020 is partially exempted from tax as follows:

- (a) 75.0% of the first S\$10,000 of normal chargeable income; and
- (b) 50.0% of the next S\$190,000 of normal chargeable income.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

### ***Dividend distribution***

Singapore has adopted a one-tier corporate tax system pursuant to which the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders. There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### OUR HISTORY

Our business was built on the success of our operation of the restaurant chain under our TamJai and SamGor brands which were founded by the TamJai Founding Shareholders and the SamGor Founding Shareholders back in 1996 and 2008, respectively. Since the opening of the first restaurant under our TamJai brand in 1996, our TamJai brand had quickly gained popularity among the public in Hong Kong. Our menu offerings of mixian in various spicy soup bases inspired by Southwestern Chinese cuisine as well as non-spicy soup bases with a wide variety of popular Hong Kong-style toppings at affordable prices fueled the expansion of our restaurants under our TamJai brand. The first restaurant under our SamGor brand was opened in Hong Kong in 2008 with similar menu offerings but different tastes of soup bases. Through years of operation, the number of restaurants which operated under our TamJai and SamGor brands were increased to 109 immediately before the completion of the acquisition of our Group by Toridoll HK in around January 2018.

Seeing the great potential for growth of our TamJai and SamGor brands along with the food and beverage industry in Hong Kong, and the immense potential of our TamJai and SamGor brands in the international F&B scene, in January 2018, Toridoll HK, a direct wholly-owned subsidiary of Toridoll Japan, a company listed on the Tokyo Stock Exchange (stock code: 3397) and being a renowned multi-brand restaurants group which also operates the largest global udon chain “Marugame Seimen”, acquired the two groups of companies engaging in the operation of the restaurant chain under the TamJai brand and the SamGor brand. Upon completion of the acquisitions of such two groups of companies, our Group became wholly-owned by Toridoll HK and we continued to maintain the popularity of our two brands with consumers in Hong Kong.

Subsequent to the acquisition of our Group by Toridoll Japan, our Group had rapidly expanded its number of restaurants under our TamJai and SamGor brands from 109 restaurants immediately after completion of such acquisition to 156 restaurants in Hong Kong, Mainland China and Singapore as at the Latest Practicable Date. In addition to expanding our Hong Kong restaurant operations, we have also expanded our restaurant chains by opening our first restaurants under our SamGor brand in Singapore in 2020 and TamJai brand in Mainland China in 2021, respectively.

### OUR BUSINESS MILESTONES

We set forth below our key business development and milestones:

1996	The first restaurant under our TamJai brand was opened in Hong Kong
2008	The first restaurant under our SamGor brand was opened in Hong Kong
2011	One of our SamGor restaurants was first recognised as a “Bib Gourmand” restaurant by the Michelin Guide
2013	One of our SamGor restaurants was recognised as a “Bib Gourmand” restaurant by the Michelin Guide for three consecutive years
2015	A loyalty programme for our TamJai brand was launched
	We were first awarded the “Hong Kong Star Brand Award — Enterprise Award” by the Hong Kong Small and Medium Enterprises Association

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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- 2017 Over 100 restaurants were operated under our TamJai and SamGor brands in Hong Kong
- 2018 Toridoll HK acquired our Group
- We commenced engaging third-party service providers to provide food delivery services for our TamJai brand in Hong Kong
- 2019 We commenced rebranding of our restaurant chain under our SamGor brand in Hong Kong by a redesigned logo. We also upgraded the restaurant settings of our SamGor brand
- Our restaurant network for both our TamJai and SamGor brands reached all 18 districts of Hong Kong
- Our TamJai and SamGor brands were awarded the “Hong Kong Top Service Brand” by the Hong Kong Brand Development Council and the “Service & Courtesy Award” by the Hong Kong Retail Management Association
- Our TamJai brand was awarded the “Hong Kong Famous Brand” by the Asia Brand Development Association
- We were awarded the “Hong Kong Star Brand Award — Enterprise Award” by the Hong Kong Small and Medium Enterprises Association for five consecutive years and the “2019 Service & Courtesy Award — Top 10 Outstanding Service Retail Brand” by Hong Kong Retail Management Association
- We received a recognition of “Deliveroo’s Most Popular Dishes of 2019 — No. 7 around the world” from Deliveroo. We also received a recognition of “Deliveroo’s Most Ordered Food Deliveries in 2019 — No. 1 in Hong Kong” from Time Out Hong Kong
- 2020 We completed the integration of our central kitchens for our TamJai and SamGor brands, and commenced operation of our newly integrated central kitchen for both brands in Hong Kong
- We commenced upgrading the restaurant settings for our Tamjai brand
- We opened our first restaurant under our SamGor brand in Singapore
- 2021 We opened our first restaurant under our TamJai brand in Mainland China
- Our TamJai brand was awarded “Best of Show — Campaign”, five gold awards, two silver awards and one bronze award at the MARKies Awards 2021 by the Marketing Magazine

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### ACQUISITION OF OUR GROUP BY TORIDOLL HK

In January 2018, Toridoll HK completed the acquisition of the group of companies engaged in the operation of the restaurant chain under our TamJai brand, namely, our Company and New Huge, from Muswell International and the TamJai Former Shareholders, respectively. Please refer to “Our corporate development — Our Company” for further details. In the same month, Toridoll HK further acquired the company holding the intellectual property rights of our Group at the relevant time, namely, Strengthen Power, from the Strengthen Power Former Shareholders. In the same month, Toridoll HK also acquired the group of companies engaged in the operation of the restaurant chain under our SamGor brand, namely, Best New, Asia Marvel and TSML, from Vigor Base Limited and Timeless Way Limited, each a limited liability company incorporated in the BVI which was then indirectly owned by the SamGor Founding Shareholders. The aggregate consideration of the aforementioned acquisitions was approximately HK\$1.9 billion, which was determined after arm’s length negotiation between the parties with reference to the valuation of the two groups of companies as assessed by an independent valuer and the future prospect of the two groups of companies. The consideration was fully settled in cash on 31 January 2018. Upon completion of the acquisitions for the two groups of companies engaged in the operation of the restaurant chain under our TamJai brand and SamGor brand, our Group became wholly owned by Toridoll HK, while the TamJai Former Shareholders and the SamGor Founding Shareholders, both Independent Third Parties, ceased to have any interest in our Group.

Pursuant to the relevant stock purchase agreement for the acquisition of our TamJai brand, Muswell International and the TamJai Former Shareholders agreed, among other things, not to directly or indirectly carry on a business that is (i) in direct or indirect competition with the business of our Group under our TamJai brand as conducted at any time up to 31 January 2021; or (ii) under a title or name similar to our TamJai brand up to 31 January 2023. Pursuant to the relevant stock purchase agreement for the acquisition of our SamGor brand, Vigor Base Limited, Timeless Way Limited and the SamGor Founding Shareholders agreed, among other things, not to directly or indirectly carry on a business that is (i) in direct competition with the business of our Group under our SamGor brand as conducted at any time up to 31 January 2020; or (ii) under a title or name similar to our SamGor brand perpetually.

For the shareholding structure of our Group immediately after the completion of Toridoll HK’s acquisition of our Group, please refer to the paragraph headed “Our Corporate Development — Our internal restructuring — Our shareholding structure after the acquisition of our Group by Toridoll HK and immediately before completion of our internal restructuring” in this section for further details.

### OUR CORPORATE DEVELOPMENT

#### Our Company

Our Company, formerly known as Jointed-Heart Catering Holdings Limited, was incorporated in Hong Kong with limited liability on 5 May 2015. On the date of its incorporation, 10,000 Shares were allotted and issued to Muswell International at a subscription price of HK\$10,000. On 31 January 2018, Toridoll HK acquired all the issued Shares in our Company from Muswell International at a consideration of approximately HK\$744.7 million, which was determined after arm's length negotiation between the parties with reference to the valuation of our Company as at 31 December 2016 as assessed by an independent valuer and the future prospect of our Company. Such consideration was fully settled in cash on 31 January 2018.

For the purpose of implementing the Share Award Scheme, on 25 March 2021, a total number of 10,000 issued Shares were subdivided into 1,000,000,000 Shares. On the same date, 2,024,000 fully-paid new Shares were allotted and issued to Blessing Keen, a direct wholly-owned subsidiary of the Trustee which holds such Shares on trust, at a subscription price of HK\$20.24 for the purpose of the grant of awarded Shares to 36 eligible participants pursuant to the Share Award Scheme. On 25 March 2021, our Company, as the settlor, established the Employee Trust, with Trident Trust Company (HK) Limited as the Trustee and the eligible participants as beneficiaries. On 9 August 2021, 3,000,000 fully-paid new Shares were further allotted and issued to Blessing Keen which holds such Shares on trust at a subscription price of HK\$30.00 for the purpose of the grant of awarded Shares to two eligible participants pursuant to the Share Award Scheme on the same date. Upon completion of the aforementioned subdivision, allotments and issues of Shares, the total number of issued Shares was 1,005,024,000 and our Company was owned as to approximately 99.50% by Toridoll HK and approximately 0.50% by Blessing Keen. For further details relating to the Share Award Scheme and the Employee Trust, please refer to the paragraph headed "The Employee Trust, the Share Award Scheme and the Share Option Schemes" below in this section. There has been no change in the number of issued shares of our Company since then and up to the Latest Practicable Date.

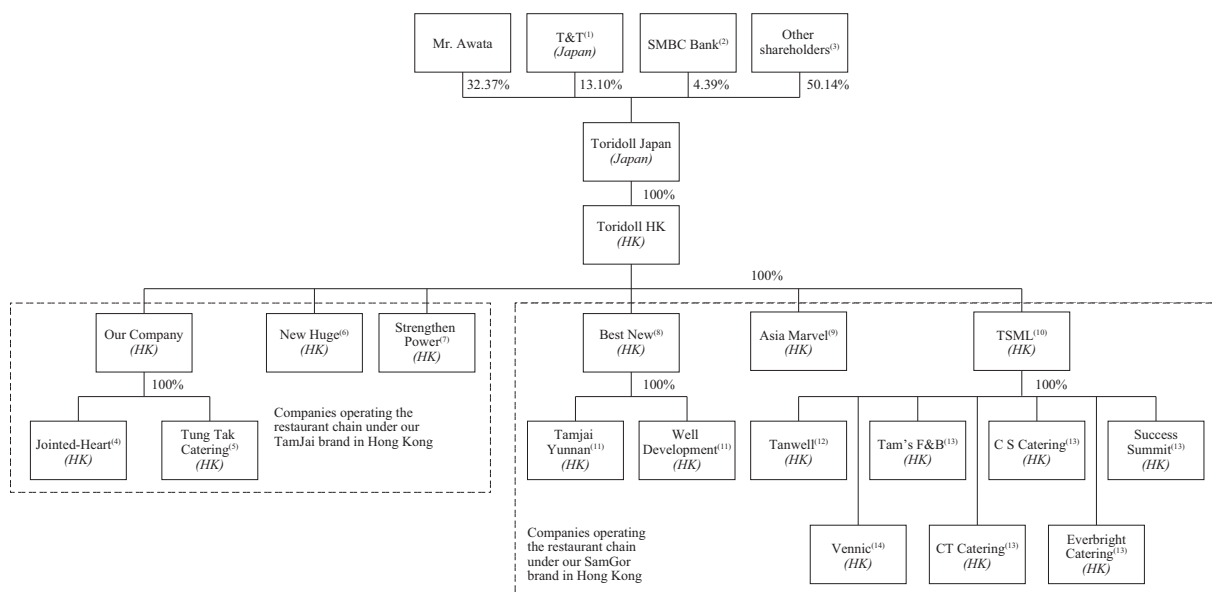
Our Company is the registered owner of our intellectual property rights in relation to our business operation and is principally engaged in the business development, procurement and other management functions for our Group, as well as the operation of our central kitchen for supplying food ingredients, soup bases and certain semi-processed products of our toppings and side dishes to our restaurant chains under our TamJai and SamGor brands.

# HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

## Our internal restructuring

### *Our shareholding structure after the acquisition of our Group by Toridoll HK and immediately before completion of our internal restructuring*

Our Group underwent an internal restructuring with a view to streamlining our corporate structure and enhance operational efficiency subsequent to the acquisition of our Group by Toridoll HK. The following chart sets forth our shareholding structure after the acquisition of our Group by Toridoll HK and immediately before completion of our internal restructuring:



### Notes:

- (1) T&T is a company established in Japan and controlled by Mr. Awata and Mrs. Awata.
- (2) SMBC Bank is the entrusted bank which holds such shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T.
- (3) To the best knowledge and information of our Directors, other shareholders of Toridoll Japan, including public shareholders, held in aggregate approximately 50.14% of the issued shares in Toridoll Japan as at 31 March 2019, being the then latest practicable date to ascertain the shareholding of Toridoll Japan.
- (4) Prior to our internal restructuring, Jointed-Heart was principally engaged in the day-to-day frontline operations of the restaurant chain under our TamJai brand.
- (5) Prior to our internal restructuring, Tung Tak Catering was principally engaged in the operation of the central kitchen for our TamJai brand. As at 1 April 2019, it ceased to exist as a separate entity after completion of the amalgamation with our Company and our Company became the surviving amalgamated company which continues to operate.
- (6) Prior to our internal restructuring, New Huge was principally engaged in the operation of the central kitchen and management of the secret recipes of our TamJai brand. As at 1 April 2020, it ceased to exist as a separate entity after completion of the amalgamation with our Company and our Company became the surviving amalgamated company which continues to operate.



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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- (7) Prior to our internal restructuring, Strengthen Power was principally engaged in holding the intellectual property rights of our Group. As at 1 April 2019, it ceased to exist as a separate entity after completion of the amalgamation with our Company and our Company became the surviving amalgamated company which continues to operate.
- (8) Prior to our internal restructuring, Best New was principally engaged in managing the sales operation, human resources and supporting departments for our SamGor brand. As at 30 September 2019, it ceased to exist as a separate entity after completion of the amalgamation with our Company and our Company became the surviving amalgamated company which continues to operate.
- (9) Prior to our internal restructuring, Asia Marvel was principally engaged in the day-to-day frontline operations of the restaurant chain under our SamGor brand. As at 1 June 2019, it ceased to exist as a separate entity after completion of the amalgamation with Best New and Best New became the surviving amalgamated company which continued to operate at the time.
- (10) Prior to our internal restructuring, TSML was the holding company of the operating companies for our SamGor brand. As at 1 June 2019, it ceased to exist as a separate entity after completion of the amalgamation with Best New and Best New became the surviving amalgamated company which continued to operate at the time.
- (11) Prior to our internal restructuring, each of TamJai Yunnan and Well Development was principally engaged in holding the intellectual property rights of our Group. As at 1 June 2019, each of them ceased to exist as a separate entity after completion of the amalgamation with Best New and Best New became the surviving amalgamated company which continued to operate at the time.
- (12) Prior to our internal restructuring, Tanwell was principally engaged in the operation of the central kitchen for our SamGor brand. As at 1 August 2019, it ceased to exist as a separate entity after completion of the amalgamation with Best New and Best New became the surviving amalgamated company which continued to operate at the time.
- (13) Prior to our internal restructuring, each of Tam's F&B, CT Catering, C S Catering, Everbright Catering and Success Summit was principally engaged in the day-to-day frontline operations of the restaurant chain under our SamGor brand. As at 1 April 2019, each of them ceased to exist as a separate entity after completion of the amalgamation with Vennic and Vennic became the surviving amalgamated company which continues to operate.
- (14) Prior to our internal restructuring, Vennic was principally engaged in the day-to-day frontline operations of the restaurant chain under our SamGor brand.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### *Amalgamations*

As part of our internal restructuring with a view to streamlining our corporate structure, enhancing our operational efficiency and facilitating the integration of similar functions of our then subsidiaries subsequent to the acquisition of our Group by Toridoll HK, some of our then subsidiaries were amalgamated to continue as one company and ceased to exist as separate entities after being amalgamated. The following table sets forth each of the amalgamations that our Group underwent as part of our internal restructuring:

<b><u>Date of completion of amalgamation(s)</u></b>	<b><u>Companies that ceased to exist as separate entities after completion of amalgamation(s)</u></b>	<b><u>Surviving amalgamated company which continues to operate</u></b>
1 April 2019	Tam's F&B, CT Catering, C S Catering, Everbright Catering and Success Summit	Vennic
1 April 2019	Strengthen Power and Tung Tak Catering	Our Company
1 June 2019	Asia Marvel, TSML, TamJai Yunnan and Well Development	Best New
1 August 2019	Tanwell	Best New
30 September 2019	Best New	Our Company
1 April 2020	New Huge	Our Company

As confirmed by our Directors, (i) each of the amalgamations was properly and legally completed and settled, and all the relevant approvals were duly obtained from the regulatory authorities in Hong Kong; and (ii) save as disclosed in the section headed "Business — Compliance" in this prospectus, all of the amalgamated companies that ceased to exist as separate entities after completion of each of the amalgamations had complied with all applicable laws and regulations in Hong Kong, being the principal jurisdiction in which we operated during the Track Record Period in all material aspects.

### *Incorporation of our subsidiaries in Hong Kong*

To establish clear business divisions, enhance our operational efficiency and facilitate the integration of similar functions under our TamJai and SamGor brands, in 2020, we incorporated two new subsidiaries in Hong Kong, namely, Tamlaboration and Tung Tak Sublime to provide support services and operate our central kitchen, manage logistics and warehousing for our Group, respectively. For further details, please refer to the paragraph headed "Our subsidiaries" in this section.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Our subsidiaries

#### *Jointed-Heart*

Jointed-Heart was incorporated in Hong Kong with limited liability on 25 March 2003 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On the date of its incorporation, one share in Jointed-Heart was allotted and issued to each of Mr. Tam Chuk Kwan (“**Mr. CK Tam**”) and Mr. Tam Chak Kwan (“**Mr. Sam Tam**”), each an Independent Third Party, at a subscription price of HK\$1. On 26 March 2003, 2,499 shares in Jointed-Heart were further allotted and issued to each of Mr. CK Tam and Mr. Sam Tam at a subscription price of HK\$2,499 each. On the same day, 2,500 shares in Jointed-Heart were allotted and issued to each of Mr. Tam Chak Keung (“**Mr. Davy Tam**”) and Partner Capital Limited (“**Partner Capital**”), a company incorporated in Hong Kong with limited liability and owned as to 80% by Ms. Tam Yim Ping, Winnie (“**Ms. Winnie Tam**”) and 20% by Mr. Chow Chi Ming at the relevant time and each an Independent Third Party, at a subscription price of HK\$2,500 each. Upon completion of such allotments and issues of shares, Jointed-Heart became owned as to 25% by Mr. CK Tam, 25% by Mr. Sam Tam, 25% by Mr. Davy Tam and 25% by Partner Capital.

On 15 April 2009, Mr. Sam Tam and Mr. Davy Tam transferred their respective 2,500 shares in Jointed-Heart to Ms. Winnie Tam and Ms. Yau Mei Fung (“**Ms. Yau**”), each an Independent Third Party, at a consideration of HK\$2,500 each. The consideration was determined with reference to the then paid-up share capital of Jointed-Heart. Upon completion of such share transfers, Jointed-Heart became owned as to 25% by Mr. CK Tam, 25% by Ms. Winnie Tam, 25% by Partner Capital and 25% by Ms. Yau.

On 14 October 2015, each of Mr. CK Tam, Partner Capital, Ms. Winnie Tam and Ms. Yau transferred their respective 2,500 shares in Jointed-Heart to our Company at a consideration of HK\$2,500 each, which was determined with reference to the then paid-up share capital of Jointed-Heart. Upon completion of such share transfers, Jointed-Heart became wholly owned by our Company. There has been no change in the issued share capital of Jointed-Heart since then and up to the Latest Practicable Date.

Jointed-Heart is principally engaged in the day-to-day frontline operations of our restaurant chains under our TamJai brand in Hong Kong.

#### *Vennic*

Vennic was incorporated in Hong Kong with limited liability on 5 February 2008 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On the date of its incorporation, one fully-paid share in Vennic was allotted and issued to Cartech Limited (“**Cartech**”), the initial subscriber and an Independent Third Party. On 15 March 2008, 1,000 shares in Vennic were allotted and issued to each of Mr. Sam Tam, Mr. Davy Tam and Ms. Chan Suk Yee, each a SamGor Founding Shareholder, at a subscription price of HK\$1,000 each. On the same day, 999 shares in Vennic were allotted and issued to Ms. Lau Suk Yee Carmen (who together with Mr. Sam Tam, Mr. Davy Tam and Ms. Chan Suk Yee, are the SamGor Founding Shareholders), at a subscription price of HK\$999. On 26 March 2008, Cartech transferred its one share in Vennic to Ms. Lau Suk Yee Carmen at a consideration of HK\$1, which was determined with reference to the then paid-up share capital. Upon completion of such allotments and issues of shares and share transfer, Vennic became owned as to 25% by each of the SamGor Founding Shareholders.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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On 30 June 2017, 996,000 shares in Vennic were allotted and issued to TSML, a company then wholly owned by Timeless Way Limited which was then indirectly owned by the SamGor Founding Shareholders, at a subscription price of HK\$996,000. Upon completion of such allotment and issue of shares, Vennic was owned as to 99.6% by TSML and 0.1% by each of the SamGor Founding Shareholders.

On 15 December 2017, each of the SamGor Founding Shareholders transferred their respective 1,000 shares in Vennic to TSML at the relevant time at a consideration of HK\$19,000 each and they ceased to be shareholders of Vennic. Upon completion of such share transfers, Vennic became wholly owned by TSML.

On 20 December 2018, 40,600,402 shares in Vennic were further allotted and issued to TSML at a subscription price of HK\$1. Upon completion of such allotment and issue of shares, Vennic became wholly owned by TSML.

As part of our internal restructuring, Vennic became a direct wholly-owned subsidiary of our Company. Please refer to the paragraph headed “Our internal restructuring” in this section for further details. There has been no change in the issued share capital of Vennic since then and up to the Latest Practicable Date.

Vennic is principally engaged in the day-to-day frontline operations of our restaurant chain under our SamGor brand in Hong Kong.

### ***Tamlaboration***

Tamlaboration was incorporated in Hong Kong with limited liability on 14 February 2020. On the date of its incorporation, one share in Tamlaboration was allotted and issued to our Company and Tamlaboration then became a direct wholly-owned subsidiary of our Company. There has been no change in the issued share capital of Tamlaboration since then and up to the Latest Practicable Date.

Tamlaboration is principally engaged in the provision of support services such as information technology, accounting, project, maintenance and human resources functions to our Group.

### ***Tung Tak Sublime***

Tung Tak Sublime was incorporated in Hong Kong with limited liability on 14 February 2020. On the date of its incorporation, one share in Tung Tak Sublime was allotted and issued to our Company and Tung Tak Sublime then became a direct wholly-owned subsidiary of our Company. There has been no change in the issued share capital of Tung Tak Sublime since then and up to the Latest Practicable Date.

Tung Tak Sublime is principally engaged in the operation of our central kitchen, management of logistics and warehousing of our Group.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### **Incorporation of our subsidiaries outside Hong Kong**

#### ***TJ Shenzhen***

TJ Shenzhen was established in the PRC with limited liability on 13 November 2019. As at the date of its establishment, TJ Shenzhen had an initial registered capital of RMB11,000,000 which shall be fully paid up in accordance with its articles of association. Since the date of its establishment, TJ Shenzhen has been a direct wholly-owned subsidiary of our Company. There has been no change in the equity interest in TJ Shenzhen since then and up to the Latest Practicable Date.

TJ Shenzhen is the operating subsidiary of our business in Mainland China and it is principally engaged in the operation of our restaurant chain under our TamJai brand in Mainland China.

#### ***TJ Singapore***

TJ Singapore was incorporated in Singapore with limited liability on 22 November 2019. On the date of its incorporation, one share in TJ Singapore was allotted and issued to our Company at the consideration of SG\$1 and TJ Singapore then became a wholly-owned subsidiary of our Company. On 25 February 2020, 1,749,999 shares in TJ Singapore were allotted and issued to our Company at the consideration of approximately SG\$1.75 million. Upon completion of such allotment and issue of shares, TJ Singapore remained as a direct wholly-owned subsidiary of our Company. There has been no change in the issued share capital of TJ Singapore since then and up to the Latest Practicable Date.

TJ Singapore is the operating subsidiary of our business in Singapore and it is principally engaged in the operation of our central kitchen and restaurant chain under our SamGor brand in Singapore.

#### ***TJ Japan***

TJ Japan was established in Japan with limited liability on 27 July 2021. On the date of its establishment, 1,000 shares in TJ Japan were allotted and issued to our Company at the consideration of JPY1,000 and TJ Japan then became a direct wholly-owned subsidiary of our Company. There has been no change in the issued share capital of TJ Japan since then and up to the Latest Practicable Date.

TJ Japan is the operating subsidiary of our business in Japan and it will be principally engaged in the operation of our restaurant chain under our SamGor brand in Japan.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### THE EMPLOYEE TRUST, THE SHARE AWARD SCHEME AND THE SHARE OPTION SCHEMES

#### The Employee Trust

On 25 March 2021, we established the Employee Trust, with Trident Trust Company (HK) Limited as the Trustee, for the purposes of implementing and administering the Share Award Scheme adopted by our Company and the Share Option Schemes conditionally adopted by our Company to recognise the contribution of certain employees of our Group and to provide them with incentives in order to retain them for the continual operation and development of our Group. Our Company is the settlor of the Employee Trust and the eligible participants (being any senior management employee or any consultant employed by our Group, when the Group considered or may consider in its absolute discretion, as an eligible participant from time to time) are the beneficiaries.

#### The Share Award Scheme

On 25 March 2021, the total number of 10,000 issued Shares of our Company were subdivided into 1,000,000,000 Shares and 2,024,000 new Shares were allotted and issued to Blessing Keen, a direct wholly-owned subsidiary of the Trustee which holds such Shares on trust for the grantees for the purpose of the Share Award Scheme. On 25 March 2021, 2,024,000 awarded Shares were granted to 36 eligible participants pursuant to the Share Award Scheme. On 9 August 2021, 3,000,000 new Shares were allotted and issued to Blessing Keen and 3,000,000 awarded Shares were further granted to two eligible participants pursuant to the Share Award Scheme accordingly. Pursuant to the rules of the Share Award Scheme, (i) 30% of the total number of such awarded Shares granted to each grantee will vest from the Listing Date; (ii) 30% of the total number of such awarded Shares granted to each grantee will vest from the date immediately after the first anniversary of the Listing Date; and (iii) 40% of the total number of such awarded Shares granted to each grantee will vest from the date immediately after the second anniversary of the Listing Date. Under the rules of the Share Award Scheme, the grantees who have been granted the awarded Shares shall not have rights to vote or receive dividends prior to the vesting of the awarded Shares and any awarded Shares not vested in accordance with the rules of the Share Award Scheme shall lapse and may be re-allocated for future awards at our discretion.

Blessing Keen is a company wholly owned by the Trustee and was incorporated in the BVI as a special purpose vehicle solely to hold Shares on trust for the grantees for the purpose of the Share Award Scheme. As a wholly-owned subsidiary of the Trustee, Blessing Keen may only deal with the Shares it holds in accordance with the terms of the trust deed entered into between our Company as the settlor and the Trustee for the specific purposes of the Employee Trust (the “**Trust Deed**”). In accordance with the Trust Deed, an advisory committee (the “**Advisory Committee**”) established and authorised by our Company, comprising Mr. Lau Tat Man, our executive Director and chief executive officer, and Mr. Tanaka Kimihiro, our non-executive Director, shall provide instructions to the Trustee in relation to the Employee Trust and the Share Award Scheme. Such instructions shall only be given after the Board has passed resolutions with majority votes upon the recommendations of the Remuneration Committee. Additionally, the resolutions of appointment and removal of members of the Advisory Committee shall be passed with a majority vote of the Board. As members of the Advisory Committee, they being the Directors are bound by their fiduciary duties, they are required, among other things, to act for the benefit and in the best interests of our Company and Shareholders as a whole and not to allow any conflict between their duties as Directors and their personal interests. The Trustee shall not exercise any voting rights and Blessing Keen does not have any voting rights in respect of any Shares held by Blessing Keen under the

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Employee Trust. After the actual vesting of the Shares awarded to our Group's employees, the grantees will be entitled to exercise the voting rights attached to the vested Shares. The Trustee shall, or shall procure Blessing Keen to, elect to receive dividends from our Company, unless receiving any written direction to the contrary from the Advisory Committee, and hold such dividends for the benefit of the Share Award Scheme. The dividends received by the Trustee shall form part of the trust fund of the Employee Trust, which will be utilised by the Trustee at the direction of the Advisory Committee for the benefit of the Share Award Scheme, including but not limited to acquisition of Shares on market for grant of the awarded Shares and settlement of the fees charged by the Trustee and the costs and expenses incurred by the Trustee in the course of performance of its duties in respect of the Employee Trust. Taking into account the aforementioned that our Company, as the settlor of the Employee Trust, is entitled to make all decisions in relation to the Employee Trust and the Share Award Scheme and provide instructions to Blessing Keen through the Advisory Committee, our Controlling Shareholders therefore have no power to control the voting rights in respect of any Shares held by Blessing Keen or instruct Blessing Keen to do any actions for the purpose of implementing the Share Award Scheme. The Controlling Shareholders have no economic interest in the Share Award Scheme. Our Company shall comply with Chapter 14A and other applicable rules of the Listing Rules in respect of the Share Award Scheme upon Listing.

Following the completion of such subdivision, allotment and issue of Shares and up to the Latest Practicable Date, the total number of issued Shares was 1,005,024,000 and our Company was owned as to approximately 99.50% by Toridoll HK and approximately 0.50% by Blessing Keen. For details of the rules of the Share Award Scheme, details of the grantees, number of awarded Shares and the vesting schedule, please refer to the section headed "Statutory and general information — D. Share Incentive Schemes — 1. Share Award Scheme" in Appendix IV to this prospectus.

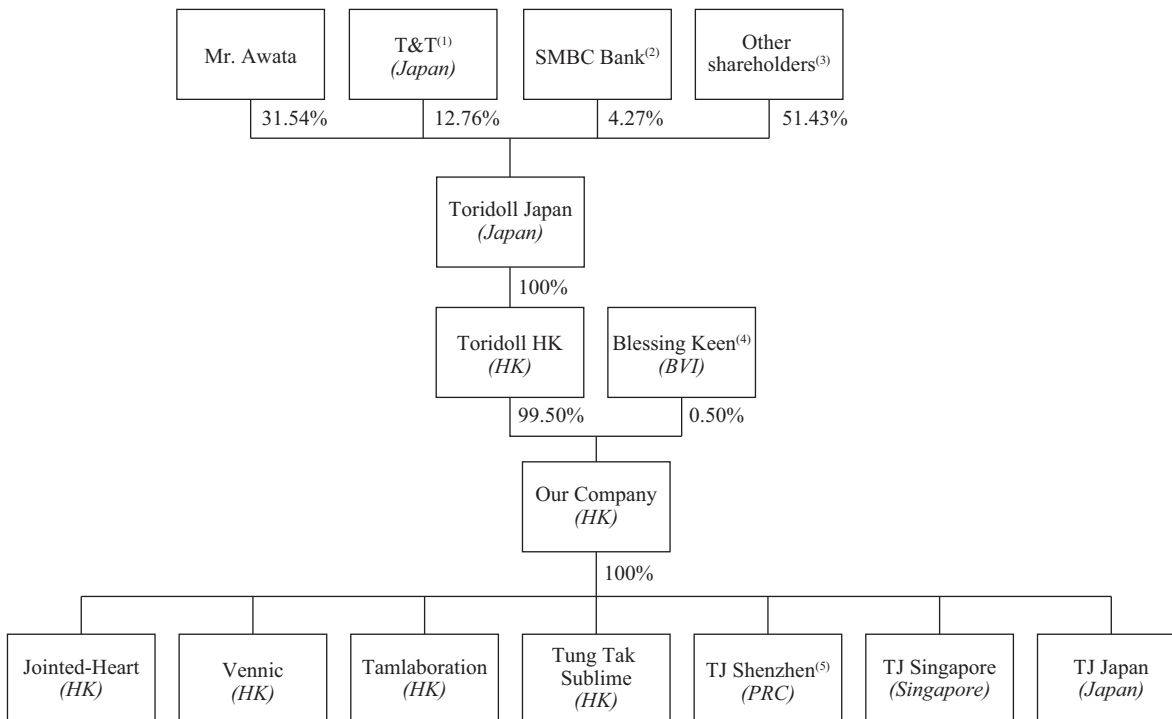
### **Share Option Schemes**

On 25 March 2021, options for 2,848,400 Shares were granted to 37 eligible participants pursuant to the Pre-IPO Share Option Scheme. The Company shall comply with Chapter 14A and other applicable rules of the Listing Rules in respect of the Pre-IPO Share Option Scheme upon Listing. For details of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to the section headed "Statutory and general information — D. Share Incentive Schemes — 2. Pre-IPO Share Option Scheme" and "Statutory and general information — D. Share Incentive Schemes — 3. Post-IPO Share Option Scheme" in Appendix IV to this prospectus.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### OUR SHAREHOLDING STRUCTURE AFTER OUR INTERNAL RESTRUCTURING AND IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our shareholding structure after our internal restructuring and immediately before completion of the Global Offering:



*Notes:*

- (1) T&T is a company established in Japan and controlled as to 40% by Mr. Awata and 40% by Mrs. Awata.
- (2) SMBC Bank is the entrusted bank which holds such shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T.
- (3) To the best information and knowledge of our Directors, other shareholders of Toridoll Japan, including public shareholders, held in aggregate approximately 51.43% of the issued shares in Toridoll Japan as at the Latest Practicable Date.
- (4) Such Shares are held by Blessing Keen, a direct wholly-owned subsidiary of the Trustee of the Employee Trust established by our Company, on trust for the grantees under the Share Award Scheme. For details, please refer to the paragraph headed “The Employee Trust, the Share Award Scheme and the Share Option Schemes” in this section.
- (5) TJ Shenzhen operates four branch offices.

### CONVERSION INTO A PUBLIC COMPANY

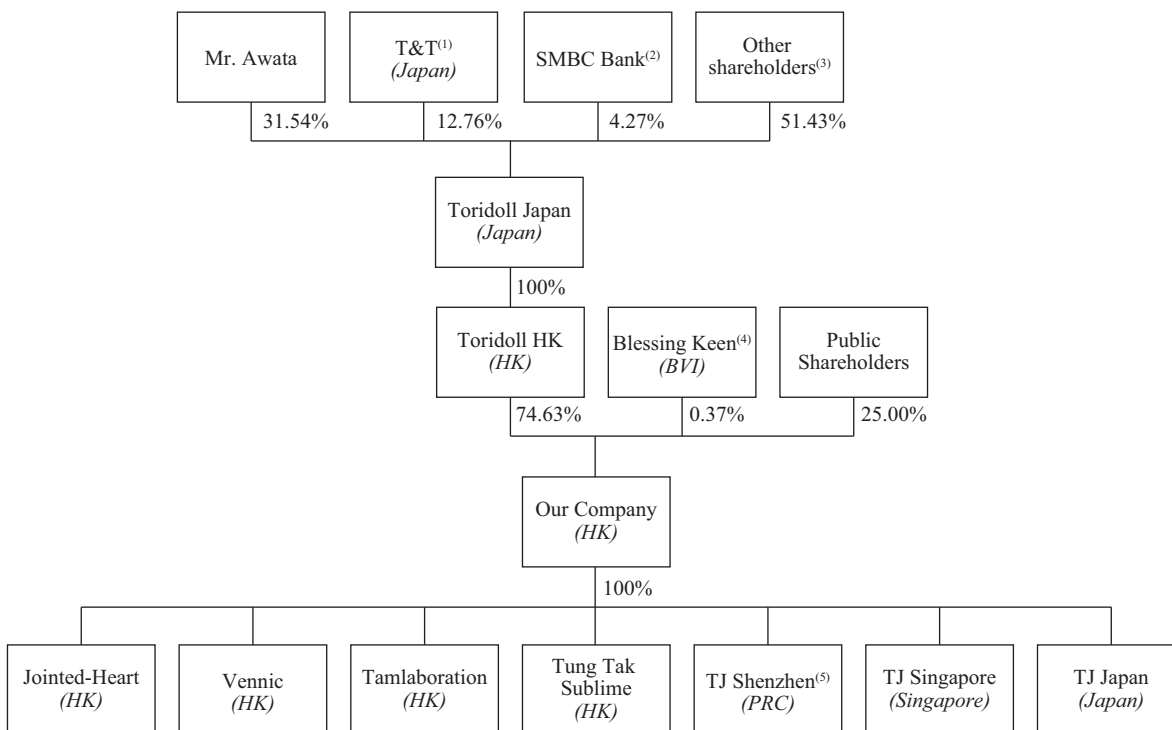
Our Company was converted into a public company with limited liability with effect from 21 September 2021.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### OUR SHAREHOLDING STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our shareholding structure immediately after completion of the Global Offering (taking no account of any Shares to be issued upon the exercise of any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Schemes and assuming the Over-allotment Option is not exercised):



*Notes:*

- (1) T&T is a company established in Japan and controlled as to 40% by Mr. Awata and 40% by Mrs. Awata.
- (2) SMBC Bank is the entrusted bank which holds such shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T.
- (3) To the best information and knowledge of our Directors, other shareholders of Toridoll Japan, including public shareholders, held in aggregate approximately 51.43% of the issued shares in Toridoll Japan as at the Latest Practicable Date.
- (4) Such Shares are held by Blessing Keen, a direct wholly-owned subsidiary of the Trustee of the Employee Trust established by our Company, on trust for the grantees under the Share Award Scheme. For details, please refer to the paragraph headed "The Employee Trust, the Share Award Scheme and the Share Option Schemes" in this section.
- (5) TJ Shenzhen operates four branch offices.

**OVERVIEW**

We are a leading and renowned restaurant chain operator of the TamJai (譚仔雲南米線) and SamGor (譚仔三哥米線) branded fast casual restaurant<sup>1</sup> chain in Hong Kong with operations also in Mainland China and Singapore, specialising in mixian (a type of rice noodle (米線), which is a well-established, gluten-free staple food with a long history in Asian food culture and typically made from non-glutinous rice without any additives). As at the Latest Practicable Date, we operated a total of 156 restaurants, comprising 76 TamJai restaurants and 74 SamGor restaurants covering all 18 districts across Hong Kong Island, Kowloon and New Territories, three TamJai restaurants in Mainland China and three SamGor restaurants in Singapore. Based on the number of restaurants in 2020, Euromonitor ranked us No.1 among Asian noodle specialty restaurants in Hong Kong.



TamJai (譚仔雲南米線)



SamGor (譚仔三哥米線)

With over 24 and 12 years of history respectively, our TamJai and SamGor brands have successfully established a strong reputation in Hong Kong's food culture for providing quality and tasty mixian. Inspired by Southwestern Chinese cuisine, our mixian offers a “mix and match” culinary experience with a wide variety of toppings, soup bases as well as 10 levels of spiciness which has become a well-known measurement of spiciness in Hong Kong's food culture. Our signature soup bases, such as Mala (hot and numbing) soup (麻辣湯底), Wula (charred pepper and spices) soup (糊辣湯底), and our signature dishes, such as Tufei Chicken Wings (土匪雞翼), have become customer favourites. According to the Euromonitor Survey, our Tam Jai and SamGor brands were the most recognised Asian noodle brands in Hong Kong.

We believe that our TamJai and SamGor mixian have become a popular new generation comfort food in Hong Kong's food culture after years of development, dedication and fine-tuning. With many toppings, soup bases, spicy levels, snacks and drinks to choose from and customise to individual tastes, there are countless possible mix and match combinations that give our customers different experiences when they try different combinations and attract them to visit our restaurants on a regular basis.

The food and service quality of our TamJai and SamGor restaurants have earned us numerous awards, such as the Hong Kong Star Brand Award — Enterprise Award from the Hong Kong Small and Medium Enterprises Association for five consecutive years (2015–2019), Deliveroo's Most Popular Dishes — No. 7 around the world (2019) as recognised by Deliveroo, Deliveroo's Most Ordered Food Deliveries — No. 1 in Hong Kong (2019) as recognised by Time Out Hong Kong and

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<sup>1</sup> According to Euromonitor, fast casual restaurants are dining establishments providing high quality food and services at competitive prices. Please refer to the section headed “Industry overview — Classification of the consumer food service industry” for details.

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Service & Courtesy Award — Top 10 Outstanding Service Retail Brand from Hong Kong Retail Management Association (2019). From 2011 to 2013, one of our SamGor restaurants was also recognised as a Bib Gourmand in Michelin Guide Hong Kong and Macau.

In order to manage our sizeable operations, we have established a highly standardised and scalable business model, which has proved to be resilient with a solid track record. We have also jointly developed different kinds of cooking equipment with third parties to further improve our operational excellence and efficiency. Our highly standardised business model can thus be replicated in other new markets efficiently, systematically and successfully. During the Track Record Period, we had managed to sustain growth in terms of restaurant number and maintain our financial performance at a relatively stable level. From the beginning of the Track Record Period to the Latest Practicable Date, the number of our restaurants had grown by 45.8% from 107 to 156 restaurants. For the years ended 31 March 2019, 2020 and 2021, we recorded a revenue of HK\$1,556.2 million, HK\$1,691.2 million and HK\$1,794.7 million, respectively, representing a CAGR of 7.4% over the Track Record Period. During the same periods, our profit for the year amounted to HK\$197.7 million, HK\$190.9 million and HK\$287.8 million, respectively, representing a CAGR of 20.7% over the Track Record Period. According to Euromonitor, we have achieved market share growth as compared to 2019 and maintained a competitive market position as follows:

<u>Market segment in Hong Kong</u>	<u>2019</u>			<u>2020</u>		
	<u>Ranking</u>	<u>Market share</u>	<u>Market segment size in sale value (HK\$ billion)</u>	<u>Ranking</u>	<u>Market share</u>	<u>Market segment size in sale value (HK\$ billion)</u>
Asian noodle specialty restaurants	No. 1	58.5%	2.9	No. 1	64.4%	2.6
Fast casual restaurants	No. 2	6.6%	25.5	No. 2	10.0%	17.7
Casual restaurants	No. 5	2.5%	68.0	No. 3	4.0%	41.6

*Note:* According to Euromonitor, Asian noodle specialty restaurants are a cuisine-based specialised sub-segment and can therefore operate under various sub-categories of the consumer food service industry. In Hong Kong, Asian noodle specialty restaurants are typically a sub-segment of fast casual restaurants, while fast casual restaurants are a sub-segment of casual restaurants.

Building on our success in Hong Kong, we plan to continue with the expansion of our restaurant network in our existing markets and also new international markets. With the proceeds from the Global Offering, we expect to expand our restaurant network in Hong Kong, Mainland China, Singapore and enter into the Japan and Australia markets in the future, which our management believes will help us capture potential business opportunities and strengthen our market position.

## **OUR COMPETITIVE STRENGTHS**

### **Leading market position in Hong Kong with extensive restaurant network**

We are a renowned restaurant chain operator specialising in mixian with a leading market position in Hong Kong. According to Euromonitor, in terms of revenue in 2020, we ranked (i) first in the Asian noodle specialty restaurant market in Hong Kong with a market share of 64.4%; (ii) second in the fast casual restaurant market in Hong Kong with a market share of 10.0%; and (iii) third in the casual restaurant market in Hong Kong with a market share of 4.0%. According to Euromonitor, in terms of number of restaurants in 2020, we ranked (i) first in the Asian noodle specialty restaurant market in Hong Kong; (ii) second in the fast casual restaurant market in Hong Kong; and (iii) third in the casual restaurant market in Hong Kong.

We had established an extensive restaurant network with 156 restaurants as at the Latest Practicable Date, which had increased by 45.8% from 107 restaurants as at 1 April 2018. Among such 156 restaurants, 150 are located in Hong Kong, which cover all 18 districts across Hong Kong Island, Kowloon and New Territories and are strategically located in different trade zones, such as commercial districts, shopping areas, high streets and residential areas. This reflects the widespread popularity of our restaurants with strong demand from different walks of life in Hong Kong. In October 2020 and April 2021, we further expanded into Singapore and Mainland China, respectively. As at the Latest Practicable Date, the number of our restaurants in Mainland China and Singapore had grown to three and three restaurants, respectively.

We believe that we are able to strengthen our market position in Hong Kong and further expand into the international markets in the future.

### **Pioneer in the mixian market in Hong Kong with strong brand recognition**

We pride ourselves as a pioneer in the mixian market in Hong Kong, introducing new ideas into traditional mixian and creating the mixian cultural phenomenon in Hong Kong. With over 24 years of history, we have successfully established a strong reputation for providing quality and tasty mixian. We consider that our TamJai and SamGor brands have gained widespread popularity among consumers and are well-known for their iconic and charismatic tastes, consistent quality, friendly customer service and good value for money. In addition to such attributes of our two well-known mixian brands, we have also made great efforts in marketing to build up brand loyalty and attract new customers, which we believe will enable us to continuously fuel our growth in the mixian market. According to the Euromonitor Survey, our Tam Jai and SamGor brands were the most recognised Asian noodle brands in Hong Kong. Majority of those who recognised the brands visited Tam Jai and/or SamGor more than once a month.

As a testament to the quality of our food and service and the popularity of our brands, we have received numerous awards and recognition throughout the years, such as Bib Gourmand by Michelin Guide Hong Kong and Macau for three consecutive years from 2011 to 2013 in respect of one of our SamGor restaurants, Hong Kong Star Brand Award — Enterprise Award granted by the Hong Kong

Small and Medium Enterprises Association for five consecutive years from 2015 to 2019, Deliveroo's Most Popular Dishes of 2019 — No. 7 around the world as recognised by Deliveroo, Deliveroo's Most Ordered Food Deliveries in 2019 — No.1 in Hong Kong as recognised by Time Out Hong Kong, 2019 Service & Courtesy Award — Top 10 Outstanding Service Retail Brand granted by Hong Kong Retail Management Association and a series of MARKies Awards granted by Marketing Magazine in 2021, namely Best of Show — Campaign, Best Idea — Customer Engagement (Gold Award), Best Idea — Design (Gold Award), Best Idea — Influencer (Gold Award), Best Use of Influencer (Gold Award), Best Use of Social Media (Gold Award), Best Idea — Social Media (Silver Award), Best Use of Content (Silver Award) and Best Idea — Branded Content (Bronze Award). Please refer to the paragraph headed “— Awards and recognition” in this section for further details.

We believe that the growing popularity of our brands and our increasing brand equity have given us a number of competitive advantages, such as (i) easier to secure more ideal restaurant locations in terms of accessibility and customer traffic; (ii) stronger bargaining power in negotiating with suppliers for more favourable purchasing terms; (iii) easier to attract customers and capture a higher market share; and (iv) easier to attract talents to join our Group.

With our strong brand recognition and attributes, we believe that we are well-positioned to capture new market opportunities to sustain a faster pace of growth.

#### **Popular new generation comfort food**

Our mixian is a well-known dish combining traditional mixian, spicy soup bases inspired by Southwestern Chinese cuisine and a wide variety of popular Hong Kong-style toppings. After years of development, dedication and fine-tuning, we believe that our mixian has become a popular new generation comfort food in Hong Kong's food culture. We offer our customers with a personalised and customised gourmet experience with such a wide variety of choices at affordable prices, which we believe is what makes us special in the market. Our customers can choose from a variety of soup bases and 10 levels of spiciness according to their own preferences to create their favourite combinations. They can choose the combination that suits their appetite on a particular day or challenge their limit for spiciness to enjoy a more exciting meal. The combination of different toppings can not only suit different appetites, but also add complexities to the soup base and elevate its flavours. For example, having pork liver in our papaya fish soup could add creaminess to the soup base. We believe that such personalised and customised gourmet experience is not common in other restaurants. The combinations of soup bases and toppings that we offer can provide comfort, memories and excitements to our customers, which we believe is a reason why they keep coming back.

We believe that one of the key elements that differentiate us from our competitors is our distinctive spicy soup bases prepared according to our secret recipes. We offer various spicy soup bases inspired by Southwestern Chinese cuisine, such as Mala (hot and numbing) soup (麻辣湯底), sour and spicy soup (酸辣湯底) and Wula (charred pepper and spices) soup (糊辣湯底). Besides spicy soup bases, we also offer clear soup (清湯底) and tomato soup (鮮蕃茄湯底) for non-spicy food lovers. One of our iconic features is that our customers can choose from 10 levels of spiciness according to their preferences, which has become a well-known measurement of spiciness in Hong Kong's food culture. We consider that the distinctive flavours of our spicy soup bases blend well with the mixian and, coupled with the flexibility of choosing the level of spiciness, allow every customer to have their own unique dining experience.

Our menus are designed to allow our customers to customise their bowl of mixian. We currently offer over 20 kinds of toppings, including various kinds of meat, fish balls, beef balls, cuttlefish balls, offal, vegetables, mushrooms and tofu puff, many of which are popular comfort food in Hong Kong's food culture. Our customers can choose the toppings they like and add to their bowl of mixian on an à la carte basis. We also offer a wide range of snacks, such as grilled chicken wings and various cold dishes with spicy dressing, in order to give our customers more choices to choose from our menu. Our snacks are considered by customers to fit their taste preferences with good value for money. They are often ordered as side dishes to the mixian and are suitable for sharing in family and group dining. One of our signature snacks is Tufei Chicken Wings (土匪雞翼), which is an original dish developed by us and “土匪雞翼” is a registered trademark in Hong Kong owned by us. Our menus include various vegetarian-friendly choices to cater to vegetarian customers. With the numerous choices that we offer in terms of toppings, soup bases, levels of spiciness, snacks and drinks, there are countless possible mix and match combinations that give our customers different experiences when they try different combinations, thereby attracting them to visit our restaurants on a regular basis.

Mixian is a well-established staple food with a long history in Asian food culture. Typically made from non-glutinous rice without any additives and being gluten-free, we believe that mixian is generally perceived to be a healthy type of noodles and comforting to the stomach. Compared to other staple food, such as rice, congee and other types of noodles, we believe that mixian has become a popular alternative choice of food. In particular, our mixian is cooked to a silky yet chewy texture which we believe is beloved by many customers.

As a popular new generation comfort food, our mixian is favoured by customers from all walks of life, particularly the younger generation. We believe that we will be able to continue to attract new customers from the younger generation and achieve continuous growth in the future.

### **Highly standardised and scalable business model which facilitates future growth**

In order to manage our sizeable operation, we have established a highly standardised and scalable business model. Under this business model, our restaurant network had grown from 107 restaurants as at 1 April 2018 to 156 restaurants as at the Latest Practicable Date and has expanded into Mainland China and Singapore.

Our highly standardised business model is demonstrated by the following aspects:

- (i) ***Standardised food processing procedures at restaurant level.*** We have implemented standardised food processing procedures to ensure consistency in the taste and quality of the food we offer. With the aid of our central kitchens in providing semi-processed ingredients to our restaurants, we are able to simplify the food processing procedures at restaurant level such that they are easier to be standardised and applied across our restaurants. For example, our mixian and toppings are mainly cooked by boiling, while our snacks are mainly grilled chicken wings and cold dishes with spicy dressing, which can be further processed under relatively straightforward procedures that our kitchen staff at restaurant level can easily follow.

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- (ii) ***Cooking equipment.*** We have jointly developed different kinds of cooking equipment with a cooking equipment supplier, such as automatic mixian boilers and soup preparation tanks, which are tailor-made and installed with pre-set functions to help our kitchen staff more accurately control the cooking time or portion of ingredients. With such cooking equipment and proper training given to our kitchen staff at restaurant level, we believe that we can better ensure the consistency in the taste and quality of our food across our restaurants, reduce the manpower required for food processing and minimise the risk of work injury arising from repetitive motions.
- (iii) ***Central kitchens.*** We currently operate two central kitchens, one in Hong Kong and one in Singapore, which process soup bases, sauces, marinades and other food ingredients, to support our restaurants. We believe that our central kitchens enable us to standardise the taste and quality of our food. Further, as certain complex and time-consuming food processing procedures have been performed by our central kitchens, our restaurants can prepare the food more quickly with the semi-processed ingredients provided by our central kitchens. We believe that our central kitchens also help us reduce the overall time and costs of food processing due to economies of scale as well as help us maintain secrecy of our soup bases and sauces recipes by centralising the relevant preparation work to be handled by a smaller group of personnel.
- (iv) ***Centralised procurement.*** We adopt a centralised procurement policy under which our procurement department is responsible for purchasing the food ingredients from a list of authorised suppliers for all of our restaurants and central kitchens. We believe this practice enables us to secure a stable supply of food ingredients of better quality at a stable price and maintain consistency in the taste and quality of our food.
- (v) ***Standardised policies and procedures for restaurant operation.*** We have formulated and implemented comprehensive standardised procedures for opening, operating and managing our restaurants to enhance operational and management efficiency and ensure consistency in our service quality. These procedures cover various aspects, such as customer service, cleaning and sterilisation and staff training, quality control.

Given our highly standardised business model and well-established policies and procedures, our business can be scaled up more easily. For example, our food can be cooked in a simplified and straightforward process that can be applied across our restaurants. As such, our restaurants do not require complicated cooking equipment or highly experienced or skilled chefs and we can recruit suitable kitchen staff more easily. Our central kitchens give us the advantage that we only need to install certain cooking equipment in our central kitchens instead of all our restaurants, which we believe reduces the initial capital expenditure for opening a new restaurant, thereby enhancing the scalability of our business. As such, we believe our business can be replicated in other new markets efficiently, systematically and successfully.

**Resilient business model with solid track record amidst challenging times**

Our business model has proven to be resilient with a solid track record. During the Track Record Period, the food and beverage industry in Hong Kong, including our Group, experienced various challenges due to local social movements and the COVID-19 pandemic. For details of the impact of the COVID-19 pandemic, please refer to the paragraph headed “— The impact of the COVID-19 pandemic” in this section. Notwithstanding the challenges we face, we have managed to sustain growth in terms of number of restaurants and maintain our revenue at a relatively stable level. Our number of restaurants had increased by 45.8% from 107 restaurants as at 1 April 2018 to 156 restaurants as at the Latest Practicable Date. Our revenue increased by 8.7% from HK\$1,556.2 million for the year ended 31 March 2019 to HK\$1,691.2 million for the year ended 31 March 2020, and increased further by 6.1% to HK\$1,794.7 million for the year ended 31 March 2021.

We believe that our success in thriving amidst challenging times is attributable to the following strengths:

- (i) ***Efficient operation.*** We believe that our operation is highly efficient and we have an agile manpower management system. Our frontline staff are usually hired under a flexible work hours arrangement and paid on an hourly basis. As such, we are able to maintain agility in human resources management to quickly respond to any anti-pandemic measures that restrict our opening hours and minimise our staff costs. We strive to have close to zero wastage. Our restaurants keep a minimal level of food ingredients for daily operation for up to approximately three days in order to keep the food ingredients fresh and avoid wastage. Our food is cooked to order, which we believe helps us avoid wastage and minimise our food costs.
- (ii) ***Highly suitable for takeaway and delivery.*** Our food is highly suitable for takeaway and delivery. Unlike many other casual dining competitors which largely focus on dine-in service, we believe that our customers generally find our food equally enjoyable irrespective of takeaways or dine-in. As such, the impact of any anti-pandemic measures restricting dine-in service on our business is comparatively less significant. Our food can be prepared and cooked under relatively simple procedures and fairly quickly. As such, we are able to fulfil takeaway and delivery orders swiftly and capture more sales during peak time. During the Track Record Period, our revenue attributable to takeaway and delivery orders increased from HK\$321.3 million for the year ended 31 March 2019 to HK\$465.4 million for the year ended 31 March 2020, and HK\$890.7 million for the year ended 31 March 2021. According to Euromonitor, a high portion of Hong Kong consumers are accustomed to ordering takeaways during the pandemic lockdown and it is expected that while consumers will gradually resume dining in restaurants after the COVID-19 pandemic is over, online food ordering and delivery will remain a prevailing trend due to the prolonged habit of ordering takeaways.
- (iii) ***Extensive restaurant network.*** According to Euromonitor, many Hong Kong consumers value convenience and accessibility and may choose to purchase meals from nearby venues. As such, having an extensive restaurant network is essential to facilitate the sale of food through takeaway and delivery services on a wider geographical scale. We had an extensive restaurant network comprising 150 restaurants in Hong Kong as at the Latest Practicable Date, covering all 18 districts in Hong Kong Island, Kowloon and New Territories. This gives us a wider customer reach to capture the growing opportunities of takeaway and delivery orders.



**Stringent food safety and quality control measures**

We believe that food safety and quality control are critical to our success. We implement stringent food safety and quality control measures to ensure the safety and quality of our food are satisfactory and that our customers have an enjoyable dining experience. Our quality assurance department, comprising a total of 14 staff as at the Latest Practicable Date, is responsible for establishing and overseeing our quality control measures, which are implemented and monitored by our quality assurance staff at central kitchen level and restaurant level. Our head of quality assurance department, who reports to our chief executive officer, has obtained a bachelor of science (food and nutritional sciences) degree and completed training courses in relation to food management systems, with over 20 years of relevant industry experience, and most of our other quality assurance staff have obtained bachelor's degrees in curricula such as food testing science, biology and chemistry, food safety and technology, and food and nutritional science, with approximately six years of relevant industry experience on average.

Our food safety and quality control measures cover different aspects of our operation, including (i) procurement; (ii) food processing; (iii) storage; (iv) logistics; (v) restaurant operation; and (vi) customer service. These measures help us ensure that the food ingredients used by our Group are procured from reliable sources and are handled in a safe and hygienic manner throughout the entire process from procurement of raw materials up to serving the food at the table, as well as to ensure consistency in the taste of our food and quality of our service. For further details of these measures, please refer to the paragraph headed “— Food safety and quality control” in this section.

**Experienced management team with extensive industry knowledge**

We have an experienced management team led by Mr. Lau Tat Man, our chief executive officer and an executive Director, who is primarily responsible for overseeing the business development and directions, planning and executing the overall strategies of our Group, including the expansion plan of our Group in Mainland China and overseas, and overseeing our Board. Mr. Lau has over 32 years of experience in the food and beverage industry in Hong Kong with solid understanding of the local market and experience in formulating development strategies, implementing operation standardisation, uplifting quality of food and service and managing international restaurant operations and franchising. Prior to joining our Group, he had held senior positions in a renowned restaurant chain group listed on the Stock Exchange and a leading global food and beverage services and solutions provider listed on the London Stock Exchange. Under his leadership, we had expanded our restaurant network from 107 restaurants as at 1 April 2018 to 156 restaurants as at the Latest Practicable Date and have expanded into Mainland China and Singapore. Ms. Chan Ping, Rita, our chief financial officer and an executive Director, is primarily responsible for overseeing our Group's financial affairs. She has over 20 years of finance and accounting experience in the food and beverage industry in Hong Kong. Prior to joining our Group, she had held senior positions in several companies listed on the Stock Exchange. She has implemented relevant compliance and internal control measures as well as advanced bookkeeping and financial management for our Group.

Our other senior management members also possess extensive industry knowledge, with over eight to 34 years of experience related to the food and beverage industry in Hong Kong. Please refer to the section headed “Directors and senior management” in this prospectus for further details.

Our Directors and senior management work efficiently as a team in managing our Group and overcoming challenges faced by us. We believe that the extensive industry knowledge and experience of our management team is crucial to the implementation of our business strategies and will help us maintain sustainable growth in the future.

## **OUR BUSINESS STRATEGIES**

We believe that our business model is highly efficient and scalable and that our highly customisable mixian and distinctive spicy soup bases are the key elements that enable us to engage with our customers firmly. We believe that the tastes and spiciness of our food and the style of mixian served in soup suit the palate of Chinese and Asian consumers and that our food will be widely popular in China and Asia. We plan to expand our restaurant network to other countries which have considerable Chinese and Asian population so as to capture the potential opportunities to fuel our growth.

### **Expansion of our restaurant network**

We plan to continue to expand our restaurant network in our existing markets, including Hong Kong, Mainland China and Singapore, and gradually expand into the international markets, including Japan and Australia.

According to Euromonitor, the consumer food service industry in Hong Kong is forecasted to grow at a CAGR of approximately 10.1% from HK\$78.5 billion in 2020 to HK\$126.7 billion in 2025 in terms of revenue and the casual restaurant market in Hong Kong is forecasted to grow at a CAGR of approximately 11.3% from HK\$41.6 billion in 2020 to HK\$70.9 billion in 2025 in terms of revenue. In particular, the fast casual restaurant market in Hong Kong is forecasted to grow at a CAGR of approximately 11.8% from HK\$16.9 billion in 2020 to HK\$29.5 billion in 2025 in terms of revenue, outpacing the casual restaurant market and the consumer food service industry in Hong Kong.

In October 2020 and April 2021, we expanded our restaurant network into Singapore and Mainland China, where we had opened three and three new restaurants as at the Latest Practicable Date, respectively. According to Euromonitor, the consumer food service industry in Mainland China is forecasted to grow at a CAGR of 10.3% from US\$599.1 billion in 2020 to US\$979.4 billion in 2025 in terms of revenue and the casual restaurant market in Mainland China is forecasted to grow at a CAGR of 11.1% from US\$164.3 billion in 2020 to US\$278.0 billion in 2025 in terms of revenue. In particular, the fast casual restaurant market in Mainland China is forecasted to grow at a CAGR of 11.6% from US\$65.5 billion in 2020 to US\$113.6 billion in 2025 in terms of revenue, outpacing the casual restaurant market and the consumer food service industry in Mainland China. The consumer food service industry in Singapore is forecasted to grow at a CAGR of 10.8% from US\$4.5 billion in 2020 to US\$7.5 billion in 2025 in terms of revenue and the casual restaurant market in Singapore is forecasted to grow at a CAGR of 10.6% from US\$2.0 billion in 2020 to US\$3.4 billion in 2025 in terms of revenue. In particular, the fast casual restaurant market in Singapore is forecasted to grow at a CAGR of 11.3% from US\$0.8 billion in 2020 to US\$1.4 billion in 2025 in terms of revenue, outpacing the casual restaurant market and the consumer food service industry in Singapore.

We believe that by expanding our restaurant network in our existing markets, we can capture the potential business opportunities and strengthen our market position. Further, riding on our success in Hong Kong and our winning formula (including but not limited to our different unique soup bases, mixian being a healthy type of noodles, various spicy levels to choose from, wide range of toppings for customisation, tasty and quality snacks and drinks, highly scalable business model and efficient operation), we plan to gradually expand into the international markets, including Japan and Australia, which we believe will be new drivers of our business growth in the future.

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We plan to open approximately 38, 71, 24, 25 and 15 new restaurants in Hong Kong, Mainland China, Singapore, Japan and Australia by 31 March 2024, respectively, all of which will be self-operated by us. The following table sets forth details of our plan to expand our restaurant network:

Location	Brand	Number of restaurants expected to be opened by 31 March			Estimated average initial costs for opening a new restaurant <i>HK\$ million</i>	Estimated average rental deposits for opening a new restaurant <i>HK\$ million</i>	Estimated total costs (including initial costs and rental deposits) for opening the new restaurants <i>HK\$ million</i>
		2022	2023	2024			
Hong Kong (Hong Kong Island, Kowloon and New Territories)	TamJai and SamGor (in approximately equal portion)	14	14	10	3.1 <i>(Note 1)</i>	0.7	144.4
Mainland China (Guangdong Province)	TamJai	8	26	37	3.0 <i>(Note 2)</i>	0.4	241.4
Singapore (Central Region, North Region, North-east Region, East Region and West Region)	SamGor	4	11	9	2.9 <i>(Note 3)</i>	0.4	79.2
Japan (Tokyo)	SamGor	2	8	15	4.5 <i>(Note 4)</i>	1.4	147.5
Australia (Melbourne and Sydney)	SamGor	—	7	8	3.6 <i>(Note 5)</i>	0.6	63.0
<b>Total</b>		<b>28</b>	<b>66</b>	<b>79</b>			<b>675.5</b>

*Notes:*

- Comprises (i) cost of interior design and renovation of HK\$2.6 million; (ii) cost of equipment of HK\$0.4 million; and (iii) cost of furniture and fixtures of HK\$0.1 million.
- Comprises (i) cost of interior design and renovation of HK\$2.5 million; (ii) cost of equipment of HK\$0.4 million; and (iii) cost of furniture and fixtures of HK\$0.1 million.
- Comprises (i) cost of interior design and renovation of HK\$2.4 million; (ii) cost of equipment of HK\$0.4 million; and (iii) cost of furniture and fixtures of HK\$0.1 million.
- Comprises (i) cost of interior design and renovation of HK\$3.7 million; (ii) cost of equipment of HK\$0.6 million; and (iii) cost of furniture and fixtures of HK\$0.2 million.
- Comprises (i) cost of interior design and renovation of HK\$3.0 million; (ii) cost of equipment of HK\$0.5 million; and (iii) cost of furniture and fixtures of HK\$0.1 million.

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We believe that our expansion plan is feasible and supported by sufficient demand on the following grounds:

- (i) In preparation for our expansion plan, we have engaged external consultants to conduct feasibility studies in respect of Mainland China, Singapore, Japan and Australia to gain insight into such markets and ensure that our expansion plan is supported by sufficient demand. The feasibility studies generally cover, among other things, (i) market size and demographics; (ii) customers; (iii) pricing; (iv) competitors; (v) site selection; and (vi) revenue and cost structure. Based on the feasibility studies, we have identified a number of reasons relating to the features of our offerings and the customers' demand and preferences that support our belief that our restaurants will be well-received in the new markets. For example:
  - (a) In Shenzhen and Guangzhou of Guangdong Province, Chinese most popular dining options. Customers look for variety of soup bases and toppings and like to have the option to choose spiciness according to their preferences. Snacks and specialty drinks are well-received by customers. There is also a general preference for food that is fresh and cooked-to-order.
  - (b) In Singapore, noodles is one of the most popular dining options. Customers in Singapore have a higher frequency of patronising noodle restaurants than customers in Hong Kong. Mixian, which is known as "thick bee hoon" in Singapore, is one of the most popular type of noodles. Customers look for variety of soup bases and toppings. Given that the majority of the population in Singapore is ethnic Chinese, we believe that there is a huge potential customer base for Chinese cuisine. Mala flavour is an emerging trend among young customers. Snacks, specialty drinks and Hong Kong-style drinks are well-received by customers.
  - (c) In Japan, the demand for noodles is strong as compared to other types of food. Customers have a strong preference for spicy food, which is often associated with noodles or Asian cuisines. There has been a trend of growth in the demand for Chinese cuisine in recent years. For working class and university students, the key buying factors include, among other things, deliciousness, convenience and cost-performance ratio and they tend to look for moderately priced food, all of which we believe fit in with our market position as fast casual restaurants.
  - (d) In Australia, there is over a million ethnic Chinese residents. Chinese-centric suburbs, which we plan to focus on, show a strong preference for Chinese cuisine. Customers in general are fully aware of Chinese noodles as a dining option and there are several Chinese noodles chain restaurants (e.g. beef noodles and noodles in Mala soup) in the market. Compared to Hong Kong, the frequency of dining-out is similar, but the average spending per meal is significantly higher. Popular drinks including lime soda, lemonade and milk tea are similar to what we offer.

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- (ii) According to Euromonitor, there are a number of factors which support our belief that there will be sufficient demand in Japan and Australia. For example:
- (a) In Japan, consumers are accustomed to consuming noodles as a meal and are receptive to other Chinese influenced food and spices. There has been a trend of Mala flavour (one of our signature spicy soup flavours) being adapted into popular foods such as fried chicken and instant noodles. Consumers are shifting to convenient and time-saving dining options due to demographic and lifestyle changes, resulting in restaurants that offer speedy service, such as fast casual restaurants, being increasingly favoured by consumers. As TamJai and SamGor are fast casual restaurants aimed at providing quality food and quick services, we believe that they will fit in with the lifestyle of Japanese consumers who look for convenient and speedy dining options. There has been a shift in the dietary habits of the consumers from traditional Japanese dishes which are rich in fish and seafood towards meat-based dishes, which is expected to promote the growth of Chinese cuisine as it features chicken and pork extensively.
  - (b) In Australia, the growing Chinese population has boosted the awareness and popularity of Chinese cuisine, which has become one of the most popular cuisines. Fast casual restaurants is one of the fastest growing restaurant categories due to millennial consumers' demand for innovative dining concepts, quality food at reasonable prices and a more casual lifestyle. Consumers are becoming more health conscious, resulting in Asian cuisines becoming increasingly popular as they are generally perceived to be healthy due to the use of a balanced mix of food groups and the use of fresh ingredients.

For further details, please refer to the section headed "Industry overview" in this prospectus.

- (iii) After taking into account the market size and population of Mainland China, Singapore, Japan and Australia as compared to Hong Kong, we consider that each of them is a suitable market with comparable or stronger potential demand. Set out below is a summary of the relevant data of these markets as compared to Hong Kong based on the Euromonitor Report:
- (a) The revenue of the consumer food service industry in Hong Kong in 2020 was HK\$78.5 billion (or US\$10.1 billion), whereas that of Mainland China was US\$599.1 billion, Singapore US\$4.5 billion, Japan US\$158.2 million and Australia US\$40.7 billion.
  - (b) The revenue of the fast casual restaurant market in Hong Kong in 2020 was HK\$16.9 billion (or US\$2.2 billion), whereas that in Mainland China was US\$65.5 billion, Singapore US\$0.8 billion, Japan US\$63.6 billion and Australia US\$15.9 billion.
  - (c) The population of Hong Kong in 2020 was 7.5 million, whereas that of Mainland China was 1.4 billion, Singapore 5.7 million, Japan 125.8 million and Australia 25.7 million.

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- (iv) While the average daily revenue per restaurant and the average daily number of customers served per restaurant for both brands decreased during the Track Record Period, such decrease was primarily due to the impact of the social movements in Hong Kong and the COVID-19 pandemic, which affected the overall industry. According to Euromonitor, the revenue of the casual restaurant market and fast casual restaurant market in Hong Kong decreased by 43.8% and 34.1% from 2018 to 2020, respectively. By contrast, we have outperformed the industry and recorded a 15.3% growth in our total revenue from HK\$1,556.2 million for the year ended 31 March 2019 to HK\$1,794.7 million for the year ended 31 March 2021, as well as a 5.5% growth in our total number of customers served from 29.1 million for the year ended 31 March 2019 to 30.7 million for the year ended 31 March 2021, which were attributable to the expansion of our restaurant network during the Track Record Period, notwithstanding the impact of the social movements in Hong Kong and the COVID-19 pandemic. As such, we believe that there will continue to be a strong demand for our food and service in Hong Kong, particularly when the market recovers.
- (v) While we already had 64.4% market share of the Asian noodle specialty restaurant market in Hong Kong in 2020, our target market is not only limited to such specialised segment of the consumer food service industry, but also includes the much wider fast casual restaurant market. According to Euromonitor, the Asian noodle specialty restaurant market is a specialised segment which only includes those restaurants that offer single specialised noodle-based dish menu which may also include additional toppings, snacks and sides that complement the main offering, but does not include other restaurants in the fast casual restaurant market which offer a wide variety of main dish types aside from noodles. As such, the Asian noodle specialty restaurant market does not represent the entire noodle restaurant market, nor the entirety of our target market. Our TamJai and SamGor brands are positioned as fast casual restaurants aimed at providing quality food and quick services at competitive prices. The fast casual restaurant market in Hong Kong is forecasted to grow at a CAGR of approximately 11.8% from HK\$16.9 billion in 2020 to HK\$29.5 billion in 2025 in terms of revenue, representing a HK\$12.6 billion worth of potential business opportunities. We only had 10.0% market share of the fast casual restaurant market in Hong Kong in 2020. Our 150 restaurants in Hong Kong as at the Latest Practicable Date represented only 4.6% of the total of 3,236 restaurants in the fast casual restaurant market in Hong Kong in 2020. In view of the above, we consider that there are considerable potential business opportunities that can drive our business growth.
- (vi) The CAGR of the revenue forecasted to be generated from the casual restaurant markets in Hong Kong, Mainland China, Singapore, Japan and Australia from 2020 to 2025 ranges from 7.9% to 11.3%. Given that such markets are relatively sizeable, ranging from US\$2.1 billion to US\$164.3 billion in terms of revenue in 2020, such forecasted growth can substantially drive our business growth. In addition, as described below in this paragraph, we have outperformed other market players during the COVID-19 pandemic, which supports our belief that we can recover faster and achieve stronger growth in the future.

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- (vii) The revenue of chain restaurants in Hong Kong is forecasted to grow healthily at a CAGR of 8.6% from 2020 to 2025. In addition, we have outperformed other key chain restaurants in Hong Kong under the impact of the COVID-19 pandemic as evidenced by the growth in our revenue by 6.1% for the year ended 31 March 2021. By contrast, according to Euromonitor and based on the latest annual reports (or interim reports, as the case may be) of the top five chain restaurants in Hong Kong which are listed on the Stock Exchange, when compared to their previous report period, all of them recorded a drop in revenue by 14.0% to 47.8%. In view of the above, we believe that we are able to perform better than other chain restaurants in the future.
- (viii) While the COVID-19 pandemic is ongoing, we are confident about the prospects of our expansion plan based on the following reasons:
- (a) To fight the COVID-19 pandemic, many countries and regions around the world, including Hong Kong, Mainland China, Singapore, Japan and Australia, are introducing mass vaccination campaigns, which we believe will help control the spread of COVID-19. We believe that as the COVID-19 pandemic gradually becomes contained and social distancing measures become increasingly relaxed, there will be a strong recovery of the economy as well as demand for dining-out. According to Euromonitor, the revenue of the casual restaurant market in Hong Kong, Mainland China, Singapore, Japan and Australia are forecasted to increase at a CAGR of 11.3%, 11.1%, 10.6%, 7.9% and 8.0% from 2020 to 2025, respectively, and the revenue of the fast casual restaurant market in such markets are forecasted to increase at a CAGR of 11.8%, 11.6%, 11.3%, 7.8% and 8.8% from 2020 to 2025, respectively. This supports our belief that the economy and demand in such markets will gradually recover and drive our business growth.
- (b) Our expansion plan is to be implemented over three years gradually and at a slower pace initially, targeting to open 28, 66 and 79 new restaurants for the years ending 31 March 2022, 2023 and 2024, respectively. We believe that by the time we progress towards 2022, 2023 and 2024, the impact of the COVID-19 pandemic will likely become less significant than we have experienced or are experiencing. We will closely monitor the latest development of the COVID-19 pandemic and take appropriate steps in response.
- (c) Our recent performance indicates that the demand for our food and service has been recovering. Based on our unaudited management accounts for the four months ended 31 July 2021, (i) our revenue increased by 38.6% from that for the four months ended 31 July 2020, reaching 135.3% of that for the four months ended 31 July 2019; (ii) our average daily revenue per restaurant increased by 15.6% from that for the four months ended 31 July 2020, reaching 98.9% of that for the four months ended 31 July 2019; (iii) our total number of customers served increased by 34.8% from that for the four months ended 31 July 2020, reaching 129.2% of that for the four months ended 31 July 2019; (iv) our average daily number of customers served per restaurant increased by 12.5% from that for the four months ended 31 July 2020, reaching 94.5% of that for the four months ended 31 July 2019; and (v) our average number of bowls served per seat per day increased by 12.4% from that for the four months ended 31 July 2020, reaching 95.5% of that for the four months ended 31 July 2019.

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- (d) As a fast casual restaurant, we strive to offer quality food at affordable prices, which is attractive to customers during the current challenging time when consumers tend to be more cost-conscious and sensitive to the amount of spending on food, as evidenced by the 6.2% growth in our total number of customers served from 28.9 million for the year ended 31 March 2020 to 30.7 million for the year ended 31 March 2021. In addition, with our stable customer base accumulated over the years and with our resilient business model, we expect that we will be able to maintain and further expand our business when the market starts to rebound.
- (e) With our extensive restaurant network and our food being highly suitable for takeaway and delivery orders, we are able to capture the shifting demand from dine-in orders to takeaway and delivery orders due to change in dining habit since the outbreak of COVID-19, which is evidenced by the increase in our revenue from takeaway and delivery orders from 27.5% to 49.6% of our total revenue from the year ended 31 March 2020 to the year ended 31 March 2021. In addition to Hong Kong, takeaways and delivery service are also widely accepted in Mainland China, Singapore, Japan and Australia. We are also able to maintain agility in human resources management to quickly respond to the social distancing measures and the change in our sales volume and service style, as a result of which our restaurant staff costs remained stable at HK\$453.5 million for the year ended 31 March 2021 as compared to HK\$454.8 million for the year ended 31 March 2020. For details of how we managed to mitigate the impact of the COVID-19 pandemic, please refer to the paragraph headed “Impact of the COVID-19 pandemic” below in this section.
- (ix) To avoid cannibalisation among our restaurants, we have implemented a series of measures, details of which are set out in the paragraph headed “Site selection and restaurant opening process — Measures to avoid cannibalisation” below in this section. Given that we already had 150 restaurants in Hong Kong as at the Latest Practicable Date, we place great emphasis on ensuring that each of the 38 new restaurants to be opened in Hong Kong will be supported by sufficient demand. As such, we have conducted research and analysis to identify suitable locations for opening the new restaurants. In our research and analysis, we have carefully taken into account various factors, including but not limited to:
- (a) **Demographics.** We conduct research on the population size of a target area and how the population is distributed based on available public information. We assess the population size of the target area with reference to the population size of the areas in which our existing restaurants are located when evaluating whether there will be sufficient demand in the target area;
- (b) **Major buildings in the proximity.** We consider whether there are any major residential estates, commercial buildings or shopping malls nearby that could generate customer traffic and the size and nature of such buildings. This would help us understand where our potential customers are derived from;
- (c) **Transportation facilities.** We consider whether there is any Mass Transit Railway station or public transportation hub nearby, which we believe could attract a relatively stable flow of customer traffic;



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- (d) **Accessibility.** We consider whether the location can be accessed easily and conveniently, which we believe is an important factor to attract customers to visit our restaurants more frequently; and
- (e) **Potential customer traffic.** Based on the abovementioned factors, we assess whether the potential customer traffic is sufficient to support a new restaurant and whether it is commensurate with the level of rental of the target location.

As at the Latest Practicable Date, we had identified at least 38 suitable empty zones (i.e. where we have not yet opened any TamJai or SamGor restaurant), each of which has a residential estate, shopping mall and/or public transportation hub and is estimated to have considerable population and customer traffic that can generate sufficient demand to support at least one TamJai or SamGor restaurant. We plan to open most of the 38 new restaurants by leasing suitable restaurant premises located in such empty zones or other suitable empty zones as identified by us in the future, which we believe could avoid cannibalisation with our existing restaurants. In addition, under our expansion plan, our number of restaurants in Hong Kong is targeted to grow at a slower rate than during the Track Record Period. For the years ended 31 March 2019, 2020 and 2021, our number of restaurants in Hong Kong grew at nil, 16.8% and 15.2%, respectively, whereas for the years ending 31 March 2022, 2023 and 2024, our number of restaurants in Hong Kong is expected to grow at 13.9%, 8.5% and 5.6%. In view of our measures to avoid cannibalisation and our research and analysis to support our expansion plan as set out above, our Directors consider that our expansion plan is reasonable and not over-aggressive and that the risk of cannibalisation is low.

- (x) We have taken into account the increasing consumer preference for online delivery service and change in dining habit since the outbreak of COVID-19, which resulted in a decrease in our revenue from dine-in orders from 79.4% to 50.4% of our total revenue and an increase in our revenue from takeaway and delivery orders from 20.6% to 49.6% of our total revenue from the year ended 31 March 2019 to the year ended 31 March 2021. However, we believe that such shifting demand will not reduce the importance of establishing a restaurant, because a restaurant is not merely a venue where dine-in service is provided, but is also where the food is prepared for both dine-in orders and takeaway and delivery orders as well as where the takeaways are picked up from. While online delivery platforms are increasing popular, in general, customers using these platforms can only choose from restaurants within close proximity. As such, our ability to capture the demand from delivery orders is dependent on the geographical coverage of our restaurant network. In addition, according to Euromonitor, many Hong Kong consumers value convenience and accessibility and may choose to purchase meals from nearby venues. In view of the above, we consider that each restaurant is an important foothold to facilitate our sale of food to customers nearby, whether they place dine-in, takeaway or delivery orders. As such, we believe it is essential to expand the geographical coverage of our restaurant network to suitable locations with sufficient demand in order to boost our market share and fuel our business growth. Furthermore, we believe that dine-in orders will not be fully replaced by takeaway and delivery orders, as there will continue to be demand from, for example, family and group dining and customers who prefer dining out.

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- (xi) While 29 of the 48 restaurants which we opened in Hong Kong during the Track Record Period had not yet achieved investment payback as at 31 March 2021, all such 29 restaurants had achieved breakeven within approximately one to five months (which is within the industry average breakeven period of one to five months according to Euromonitor), save for one restaurant which was newly opened in March 2021. This indicates that such restaurants are supported by sufficient demand. In addition, such 29 restaurants had been opened for approximately one to 25 months as at 31 March 2021 (which is within the industry average investment payback period of seven to 25 months according to Euromonitor). In view of the above, we consider that our target market is not saturated and there is ample room for our business growth in the future.

When determining our menu prices in the overseas markets, we will take into account, among other things, (i) the local cost of food ingredients; (ii) the perceived value of our food in such markets; (iii) the local consumers' spending power; and (iv) our expected margin. In the event that certain toppings are unavailable or more costly in the overseas markets, we may look for alternative less costly toppings that are suitable for local customers' preferences in order to maintain target profit margin. In view of the above, our Directors are of the view that we are able to maintain our profitability in the overseas market.

The initial costs for opening a new restaurant mainly comprise the costs of interior design and renovation, fitting of kitchen equipment, furniture and fixtures. The average initial costs (without including invoices and subsequent variation orders that are yet to be confirmed) for opening our new restaurants in Hong Kong during the years ended 31 March 2019, 2020 and 2021 amounted to approximately HK\$2.6 million, HK\$2.8 million and HK\$3.1 million, respectively. The average initial costs for opening our three new restaurants in Mainland China amounted to approximately HK\$3.0 million. The average initial costs for opening our three new restaurants in Singapore amounted to approximately HK\$3.3 million. In addition, we are generally required to pay rental deposits to the landlords of our restaurants.

The total costs (including initial costs and rental deposits) for expanding our restaurant network is expected to be approximately HK\$675.5 million, of which approximately HK\$105.4 million, HK\$254.5 million and HK\$315.6 million is expected to be incurred in the years ending 31 March 2022, 2023 and 2024, respectively. We expect that all of such costs will be funded by the net proceeds from the Global Offering. For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

### **Expanding our central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia**

As at the Latest Practicable Date, we operated 150 restaurants in Hong Kong. Under our expansion plan, we expect to open approximately 38 new restaurants in Hong Kong by 31 March 2024. Our central kitchen in Hong Kong has a GFA of approximately 68,300 sq.ft. with an estimated capacity to support up to 180 restaurants. Based on the number of restaurants that our central kitchen in Hong Kong supported as at the Latest Practicable Date (i.e. 150 restaurants) and its maximum capacity (i.e. 180 restaurants), its utilisation rate had reached 83.3%. We consider its current capacity will be insufficient to support our growing restaurant network. In estimating the capacity of our central kitchen in Hong Kong, we have taken into account a number of factors and estimates based on our historical production experience and management's knowhow, including but not limited to (i) the space required for the production of the current products with reference to the production volume; (ii) the space required for the production of additional volume of such products as driven by additional restaurants; and (iii) the current stock level and anticipated stock turnover

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days. Further, we expect that more new products (including toppings, snacks, soup and sauce bases) will be processed at our central kitchen in the future. As such, additional production lines and space are required. Notwithstanding our plan to establish central kitchens in Mainland China, Singapore and Australia, our central kitchen in Hong Kong will continue to be responsible for the production of the secret ingredients of soup and sauce bases for Hong Kong, Mainland China and the international markets, so as to maintain consistency in the taste and quality in each market. In view of our expansion plan, we consider that it is necessary to enhance the capacity of our central kitchen in Hong Kong in producing such products in order to meet the demand driven by our growth. As such, we plan to expand our central kitchen in Hong Kong by leasing additional space with a GFA of approximately 22,000 sq.ft. and installing additional production equipment. The expanded central kitchen is expected to have an estimated capacity to support over 200 restaurants in Hong Kong with enhanced ability to produce more products and prepare the soup and sauce bases for all of our restaurants. The expansion work is expected to be completed in or around 2022.

As at the Latest Practicable Date, we operated three restaurants in Mainland China. Under our expansion plan, we expect to open approximately 71 new restaurants in Mainland China by 31 March 2024. We currently do not have any central kitchen in Mainland China and our restaurants there are supported by an OEM supplier, which we consider will be insufficient to support our growing restaurant network. As such, we plan to establish a new central kitchen in or near Huizhou, Guangdong Province, Mainland China to support our restaurants in Mainland China in the long run. The new central kitchen is expected to have a GFA of approximately 36,000 sq.ft. with an estimated capacity to support approximately 120 restaurants and is expected to be completed in or around 2022.

As at the Latest Practicable Date, we operated three restaurants in Singapore. Under our expansion plan, we expect to open approximately 24 new restaurants in Singapore by 31 March 2024. Our central kitchen in Singapore has a GFA of approximately 1,100 sq.ft. with an estimated capacity to support up to 10 restaurants, which we consider will be insufficient to support our growing restaurant network. The factors and estimates that we have taken into account in estimating the capacity of our central kitchen in Singapore is similar to those related to our central kitchen in Hong Kong as disclosed above. As such, we plan to establish a new central kitchen in or near the East Region of Singapore to accommodate more staff and equipment, which is expected to replace our existing central kitchen in Singapore. The new central kitchen is expected to have a GFA of approximately 5,000 sq.ft. with an estimated capacity to support approximately 40 restaurants and is expected to be completed in or around 2022.

Under our expansion plan, we expect to open approximately 15 restaurants in Australia by 31 March 2024. We plan to establish a new central kitchen in or near Melbourne, Australia to support our restaurants there in the long run. The new central kitchen is expected to have a GFA of approximately 5,000 sq.ft. with an estimated capacity to support approximately 40 restaurants and is expected to be completed in or around 2022.

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In deciding the scale of our new central kitchens, which are long term strategic investments, we take into account not only the restaurants planned to be established by 31 March 2024 as described in our expansion plan above, but also the expectation that we may continue to establish additional restaurants beyond 31 March 2024. As such, the central kitchens to be established in Mainland China, Singapore and Australia have an estimated capacity to support approximately 120, 40 and 40 restaurants and are able to cover more than the 71, 24 and 15 restaurants we plan to open in these regions by 31 March 2024, respectively. The buffer would allow us to cope with our future growth in these regions in the long run without having to frequently carry out expansion or relocation of the central kitchens due to insufficient capacity.

In Guangdong Province, Mainland China, a food operation licence is required to be obtained for establishing the central kitchen. In Singapore, a licence to operate a food establishment is required to be obtained from the Singapore Food Agency for establishing the central kitchen. In Melbourne, Australia, a licence from PrimeSafe (a statutory body responsible for regulating the safety of meat, poultry and seafood) is required to be obtained for establishing the central kitchen.

We currently do not plan to establish a central kitchen in Japan. Instead, we plan to engage OEM suppliers in Japan to support our restaurants there. Having consulted Toridoll Japan, which has extensive experience in the consumer food service industry in Japan, we consider that the food and beverage OEM market in Japan is mature and well-developed and OEM is a common method adopted by many restaurants in Japan for food ingredients production.

Set out below is a summary of the costs for expanding the central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia:

	<b>Estimated cost of equipment <i>(Note)</i></b>	<b>Estimated cost of renovation</b>	<b>Estimated total costs</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>Expanding central kitchen</b>			
Hong Kong	29.6	16.0	45.6
<b>Establishing new central kitchens</b>			
Mainland China	16.5	33.5	50.0
Singapore	1.6	4.5	6.1
Australia	2.6	7.4	10.0
Total	<u>50.3</u>	<u>61.4</u>	<u>111.7</u>

*Note:* The equipment to be purchased for the new central kitchens mainly include cutting machine, mincer, induction stove, ingredient mixer, electric can opener, compressing pump, freezer, sealing machine, packaging machine, checkweigher, soup tank, dryer and pump.

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The total capital expenditure for the abovementioned plan will be approximately HK\$111.7 million, of which approximately HK\$21.7 million and HK\$90.0 million is expected to be incurred in the years ending 31 March 2022 and 2023, respectively. We expect that all of such capital expenditure will be funded by the net proceeds from the Global Offering. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

We expect that the establishment of the new central kitchens and the expansion of our central kitchen in Hong Kong will increase our fixed operating expenses, principally due to depreciation and other administrative costs such as staff cost as we will hire more staff to operate the central kitchens.

### **Refurbishment of our restaurants and enhancing our restaurants’ operating equipment**

We believe that the ambience of a restaurant is an important element that attracts customers and that it is important to constantly refresh the ambience of our restaurants in order to keep us on trend to attract and retain our customers. We believe that continuously refreshing the ambience of our restaurants will keep our brand young, which matches our target customer group comprising teenagers and young to middle-aged adults, thereby sustaining our sales. As such, we intend to carry out refurbishment for approximately 10, 10 and 10 of our restaurants in Hong Kong for the years ending 31 March 2022, 2023 and 2024, respectively. We usually carry out refurbishment of our restaurants on a need basis, after taking into account, among other things, (i) the period of time since the relevant restaurants were last refurbished; (ii) the condition of the relevant restaurants; and (iii) whether the style of interior decoration of the relevant restaurants is in line with our brand image. The refurbishment interval of our restaurants (excluding restaurants which have not been refurbished since establishment) is approximately seven years on average. As the majority of the restaurants that we plan to refurbish have not been refurbished for over seven years, we consider that it is appropriate for them to be refurbished based on our management’s experience.

The refurbishment work will generally involve refreshing the interior decoration, improving the overall layout, optimising seating plan, and replacing or upgrading the lighting and furniture. It is estimated that the refurbishment work for each restaurant will be completed within two months. To minimise the impact of refurbishment on our operation, we intend to (i) reallocate the staff of the restaurant under refurbishment to assist our other restaurants; (ii) encourage the relevant staff to take their paid annual leave during the refurbishment period; and (iii) implement the refurbishment work by stages. Our Directors consider that the refurbishment work will improve our brand strength and create value for our Group and will not materially and adversely affect our overall operation and financial performance.

For the years ended 31 March 2019, 2020 and 2021, we incurred approximately HK\$1.6 million, HK\$9.7 million and HK\$7.7 million to refurbish one, six and three restaurants, respectively.

In addition, we plan to enhance the operating equipment of substantially all of our restaurants so as to increase our output to process more orders during peak time. We plan to purchase approximately 110 mixian cookers, 110 soup mixing tanks, 160 grillers and 1,200 induction cookers. We consider that there will be sufficient space in the existing restaurants for placing such equipment.

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## BUSINESS

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We intend to utilise (i) approximately HK\$92.6 million for refurbishment of our restaurants; and (ii) approximately HK\$31.2 million for enhancing the operating equipment of our restaurants, totalling approximately HK\$123.8 million, of which approximately HK\$56.3 million, HK\$32.4 million and HK\$35.1 million is expected to be utilised in the years ending 31 March 2022, 2023 and 2024, respectively. We expect that all of such capital expenditure will be funded by the net proceeds from the Global Offering. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

### **Enhancing our customer experience and operational efficiency through digitalisation**

We believe that it is necessary for us to have a more comprehensive digitalised platform in the current business environment of the consumer food service industry to encourage customer engagement and attract customers to visit our restaurants more frequently, as digitalisation could provide a more direct experience for our customers when they interact with us. We believe that digitalisation will play an important role in terms of branding, customer relationship and management of mobile ordering and takeaway. We plan to implement the following new systems to enhance our customer experience:

- (i) **CRM system.** We plan to implement a CRM system to help us systematically record, manage and analyse customer data. Together with our mobile application, we consider that can help us expand our customer loyalty programme to reach a much wider audience with more effective penetration. It can also help us formulate more effective marketing strategies, thereby increasing customers’ spending and frequency of visits as well as building up stronger customer loyalty and brand liking. The customer data that the CRM system will collect and process will primarily include personal data (e.g. name, contact details and month of birth), demographic data (e.g. area of residence and work) and transactional data (e.g. spending amount, order history and balance of stamps and e-vouchers). Such data will primarily be used for business analysis and marketing and promotional purposes, and will be retained for no longer than is necessary for fulfilling the purpose for which it is used or as permitted under the applicable laws and regulations. For details of our internal control measures in relation to data privacy, please refer to the paragraph headed “— Internal control and corporate governance” in this section below. The implementation of the CRM system is expected to be completed in or around the first half of 2022.
- (ii) **Voice ordering system.** We plan to implement a voice ordering system with the use of audio recognition and artificial intelligence technologies to allow customers to place orders by voice commands through electronic devices. This system is expected to incorporate trendy elements and TamJai and SamGor’s characteristics to create an interactive and fun customer experience. We believe that this system can help us engage our customers more effectively and enhance customer satisfaction. We expect that the voice ordering system will not result in any material impact on our operation and financial performance. For example, we do not plan to recruit less waiters or waitresses as a result of implementing the voice ordering system, because such system is unable to substitute the key functions of a waiter or waitress such as arranging seats, serving food, cleaning tables and collecting payments. The implementation of the voice ordering system is expected to be completed in or around the first half of 2022.

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## BUSINESS

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We also plan to implement the following new systems and upgrade our information technology infrastructure to enhance our operational efficiency:

- (i) **ERP system.** We plan to implement an ERP system for integrated management of our core business processes, including a centralised system of supply chain management. The ERP system can enable us to improve the efficiency of our report preparation process, enhance our ability to perform information analysis to support our business growth, structure and strengthen our procurement function (such as price comparison, tendering and contract management), monitor and control supply chain-related matters in all the markets in which we operate, improve budget control and perform cost variance analysis to enhance profitability. The implementation of the ERP system is expected to be completed around the end of 2021.
- (ii) **Information technology infrastructure.** We plan to upgrade our information technology infrastructure, which will mainly involve cloud development, networking enhancement, implementing a data management system for consolidation of financial and operational data from all the markets in which we operate, enhancing data security management and installing additional information and technology equipment for our headquarters and restaurants. The upgrade is expected to be completed in or around early 2024.

We intend to utilise (i) approximately HK\$15.0 million for implementing the CRM system; (ii) approximately HK\$4.0 million for implementing the voice ordering system; (iii) approximately HK\$19.9 million for implementing the ERP system; and (iv) approximately HK\$21.3 million for upgrading our information technology infrastructure, totalling approximately HK\$60.2 million, of which approximately HK\$35.2 million, HK\$16.0 million and HK\$9.0 million is expected to be utilised in the years ending 31 March 2022, 2023 and 2024, respectively. In estimating the costs of implementing the ERP system and upgrading our information technology infrastructure, we have taken into account (i) the fees quoted by third-party information technology solutions providers for implementing the ERP system; (ii) the market price for conducting the upgrade work; and (iii) the information technology equipment to be purchased based on our needs and the market price for such equipment. We expect that all of the abovementioned costs will be fully funded by the net proceeds from the Global Offering. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

### **International brand building and new market entry promotion**

It is our strategy to expand into the international markets. Since our brands are new to the international markets, we believe that brand building and new market entry promotion are important for our brands to successfully develop in such markets. As such, we plan to carry out the following marketing and promotional activities to support our expansion into Mainland China, Singapore, Japan and Australia. Similar activities will also be carried out in Hong Kong to enhance our brand image and strengthen our market position.

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## BUSINESS

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Our international brand building will mainly involve launching brand introduction videos to the international customers, gaining exposure of our brands in different media, and launching a series of promotional videos to introduce our products' uniqueness (such as the special tastes of our soup bases and our spicy levels), how to appreciate our mixian and snacks and what differentiate us from other Asian noodles in the market.

Our new market entry promotion, which is aimed at blasting to a wide audience for brand awareness and creating buzz, will focus on organising public relations activities, establishing social media content and connections, inviting celebrities, food critics and/or key opinion leaders for tasting and other promotional events, and launching teaser campaigns and promotions to attract customer traffics. We also plan to build social platforms engagements to connect with the local customers.

In addition, we consider that it is important to gain local market insights and adapt our brands locally. As such, we will conduct market survey to gain better understanding of the habits of local consumers and work on the marketing and communication plan suitable for a particular market. We plan to engage reputable market insights intelligence agencies, creative agencies, media specialists and public relations agencies to assist us in formulating strategies and carrying out marketing and promotional activities.

The total expenses for carrying out international brand building and new market entry promotion, which mainly comprise marketing agency fees and legal and taxation consultancy fees, are expected to be approximately HK\$91.3 million, of which approximately HK\$49.5 million, HK\$21.9 million and HK\$19.9 million are expected to be incurred in the years ending 31 March 2022, 2023 and 2024, respectively. We expect that all such expenses will be funded by the net proceeds from the Global Offering. For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

### **Continue to make efforts in branding and marketing**

Our vision is that TamJai and SamGor will continue to grow and become two of the most popular restaurant brands in Hong Kong and potentially in other regions. While there is generally no material difference between the two brands in terms of market positioning, key menu offerings and customer base, each of TamJai and SamGor is a distinctive and well-recognised brand with its own followers. We will continue to maintain TamJai and SamGor as two distinctive brands and carry out branding and marketing work specifically for each brand. We have been continuously making efforts to build up our brand equity, awareness and exposure and enhance customer loyalty. We carefully plan our branding and marketing activities ahead of each year, including branding campaigns, collaborating with other brands and service providers, launching new products and creating online videos, such that our resources are well arranged for building up the awareness that we aim for.



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## BUSINESS

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In the future, we will continue to make efforts in branding and marketing, including but not limited to the following:

- (i) **Branding campaigns.** We will focus on building up our brand equity, awareness, exposure and emotional connections with our customers. We will carry out different campaigns throughout the year to be more relevant and on trend in the ideas and execution, such that our brand equity and customer loyalty will be continuously improved. We do not limit ourselves to direct marketing of our products and will collaborate with different brands and service providers. For example, in 2019, we collaborated with a well-known snacks manufacturer to launch a series of potato chips with our signature TamJai Mala (hot and numbing) flavour and SamGor Wula (charred pepper and spices) flavour, which were given out as promotional gifts to our customers and also sold in supermarkets and stores. In 2021, we collaborated with a well-known chocolate brand in launching a spicy chocolate as promotional gifts for the Valentine's Day. These campaigns have resulted in extensive exposure of our brands. We will design and carry out branding campaigns specifically for each of TamJai and SamGor that fit in with their respective brand image. For example, we may engage different celebrities to be the respective spokespersons for each brand.
- (ii) **Launching new products.** We endeavour to constantly develop new dishes to interest our customers. We see new products as a tool to excite customers and keep them interested so as to increase their frequency of visits. Some of our new products launched in recent years include, for example, Crisp Grass Carp Mixian in Papaya and Fish Soup (脆肉鯪木瓜魚湯米線), Sour and Spicy Potato Starch Noodles (酸辣撈薯粉), Roasted Eggplant with Garlic (蒜燒茄子) and Grilled Cheese Sandwich in Tufei Style (烘土匪芝士三文治). We also introduce new trendy and time-limited drinks from time to time, such as Oolong Tea with White Peach Honey (烏龍白桃蜜), Jasmine Tea with Tapioca Pearls (茉莉花清茶配糖圓子) and Brown Sugar Ginger Tea with Bean Curd (豆花黑糖薑母茶). We will continue to design new exclusive menu items for each of TamJai and SamGor restaurants, including combinations of mixian and toppings, soup bases, snacks and special drinks, so as to create a unique dining experience for each brand.
- (iii) **Social media.** We consider ourselves creative in our marketing ideas and have been at the forefront in using new media, such as social media and online platforms. We have continuously invested in building our brand stories with online videos, including various mini-film-style commercials on social media and online platforms, presenting our brands from new angles. Our online videos usually go viral as audience in general consider them to be funny and interesting. Their viewership is over eight hundred thousands on average, with the best one reaching over six million viewership. We will continue to carry out effective and innovative marketing for each of TamJai and SamGor with a view to promoting them as the front runners of social media. Each brand will continue to have its own social media accounts to foster the connection with its own followers. We will invest in commercials and advertisements specifically for each brand to enhance their respective brand image and promote their new exclusive menu items.

**Implementing measures to drive same restaurant revenue growth**

In addition to the abovementioned branding and marketing campaigns which build the momentum for our business growth, we also have other practices and plans to drive our same restaurant revenue growth:

- (i) ***Introducing new and premium toppings.*** We will review our topping offerings and find appealing toppings to improve the portfolio, so as to achieve higher average spending per customer when customers order extra toppings or shift to the new premium toppings. Examples of premium toppings that we have introduced in recent years include crisp grass carp and fish maw. This premiumisation strategy will also be applied to our snacks and drinks. We believe that premiumisation will also enable us to capture a wider customer base and enhance customer satisfaction.
- (ii) ***Enhancing suggestive selling.*** We will encourage customers to order more snacks and drinks by promoting our new products through in-store recommendations. We will give regular training to our frontline staff to enhance their suggestive selling skills and provide incentive bonus to them based on their sales performance.
- (iii) ***Introducing breakfast.*** As at the Latest Practicable Date, we only served breakfast at 25 restaurants. We plan to introduce breakfast gradually to other restaurants which we consider to have the right opportunities. We believe that this strategy will enable us to capture the untapped business opportunities of the breakfast market and more effectively utilise our restaurant sites and other existing resources.
- (iv) ***Improving overall efficiency.*** To strive for operational excellence, we work relentlessly to improve our efficiency so as to serve as many customers as possible in the shortest period of time without compromising our quality. It is also our aim to improve our productivity and support our staff in maximising their output. We have been working on improving the efficiency of our cooking equipment. For example, we have successfully jointly developed an automatic mixian boiler and a soup preparation tank with a cooking equipment supplier. We are also improving the efficiency of our grillers in order to shorten the cooking time for our grilled snacks. Where possible, we plan to increase our output by installing additional operating equipment at our restaurants. As part of our digitalisation plan, we plan to implement an ordering system, which we believe can enhance our efficiency in processing takeaway orders during peak time.
- (v) ***Local restaurant marketing.*** We will launch promotional offers to celebrate and promote the opening of our new restaurants. We will also carry out special marketing activities for our restaurants from time to time to attract customers nearby. Information about our latest promotional offers and special marketing activities will be distributed through our websites, social media platforms and mobile application to achieve better marketing effect.

## **OUR RESTAURANTS**

### **Our business model**

We are a restaurant chain operator specialising in mixian with operations in Hong Kong, Mainland China and Singapore. All of our restaurants are self-operated under two self-owned brands, TamJai and SamGor.

### **Our brands**

We pride ourselves as a pioneer in the mixian market in Hong Kong, dedicated to constantly innovating new tastes and menu items to provide our customers with pleasant dining experiences and surprises. We operate our restaurants under two self-owned brands, TamJai and SamGor. Both TamJai and SamGor specialise in mixian and are positioned as fast casual restaurants aimed at providing quality food and quick services at competitive prices. Our restaurants provide basic table service. We take orders from our customers at the table through our waiters and waitresses. The food is then cooked to order and served to the table in a quick manner.

Our mixian offered under both TamJai and SamGor are well-known for their Hong Kong cart noodles-style, where our customers can choose the toppings they like and add to their bowl of mixian on an à la carte basis. We currently offer over 20 kinds of toppings, including various kinds of meat, meat balls, offal, vegetables, mushrooms and soy bean products, which allows our customers to customise their bowl of mixian with numerous mix and match combinations.

Besides choosing the toppings, our customers can also pick the soup bases and the level of spiciness they like, which is what makes TamJai and SamGor distinctive from traditional Hong Kong cart noodles. We carefully select different ingredients and spices in preparing the soup bases of TamJai and SamGor so as to create different tastes for the soup bases of the two brands. TamJai currently offers six standard soup bases, namely Mala (hot and numbing) soup (麻辣湯底), Hunan sour and spicy soup (湖南酸辣湯底), Chongqing sour and spicy soup (重慶酸辣湯底), tomato soup (鮮蕃茄湯底), pickled pepper and pickles fish soup (泡椒酸菜魚湯湯底) and clear soup (清湯底). SamGor currently offers six standard soup bases, namely Mala (hot and numbing) soup (麻辣湯底), sour and spicy soup (酸辣湯底), Chongqing SamGor sour and spicy soup (重慶三哥酸辣湯底), tomato soup (鮮蕃茄湯底), clear soup (清湯底) and an original Wula (charred pepper and spices) soup (糊辣湯底). Customers can choose from 10 levels of spiciness according to their preferences.

Apart from mixian, our snacks also form an important part of our menus and they are well-received by our customers due to their distinctive tastes as well as their street food feeling. For example, our snacks include grilled chicken wings seasoned with different spices and various cold dishes dressed with spicy sauces. One of our signature snacks is Tufei Chicken Wings (土匪雞翼), which is an original dish developed by us and “土匪雞翼” is a registered trademark in Hong Kong owned by us. For details of such trademark, please refer to the section headed “Statutory and general information — B. Information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus. It is common that many of our customers would order snacks as side dishes to their mixian. In addition, besides the regular Hong Kong-style drinks that we offer, such as iced lemon tea, milk tea and coffee, we also introduce new trendy and time-limited drinks, such as Oolong Tea with White Peach Honey (烏龍白桃蜜), Jasmine Tea with Tapioca Pearls (茉莉花清茶配糖圓子) and Brown Sugar Ginger Tea with Bean Curd (豆花黑糖薑母茶), from time to time to enrich our menus.

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## BUSINESS

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The following images show a selection of our menu items:

### *Soup bases*

*Available at both TamJai and SamGor*



Mala (Hot & Numbing) Soup  
(麻辣湯底)  
*Hot and numbing.*



Clear Soup  
(清湯底)  
*Fresh and delicious.*



Tomato Soup  
(番茄湯底)  
*Sweet and tangy.*

*Exclusive at TamJai*



Hunan Sour & Spicy Soup  
(湖南酸辣湯底)  
*Sour blended with spiciness.*



Chongqing Sour & Spicy Soup  
(重慶酸辣湯底)  
*Numbing, spicy, sour and tangy.*



Pickled Pepper &  
Pickles Fish Soup  
(泡椒酸菜魚湯底)  
*Lingering savoury flavour.*

*Exclusive at SamGor*



Wula (Charred Pepper &  
Spices) Soup  
(糊辣)  
*An aromatic soup enhanced by  
charred spices. An original  
SamGor's recipe.*



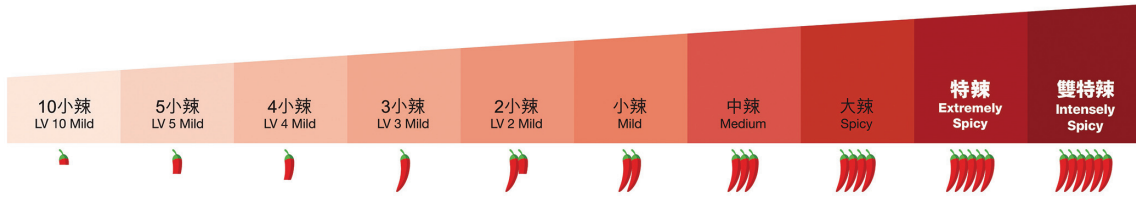
(Chongqing) SamGor Sour &  
Spicy Soup  
(重慶)三哥酸辣  
*Rich and flavourful hot & sour  
soup with a unique taste of  
Chongqing spiciness.*



Vegetarian Clear Soup  
(素湯)  
*Meat-free soup.*

# BUSINESS

## Spicy levels



## Toppings



## Snacks

Available at both TamJai and SamGor



Tufei Chicken Wings  
(土匪雞翼)



Century Egg  
(皮蛋)



Sliced Pork Belly with  
Mashed Garlic  
(蒜泥白肉)



Pork Ear  
(豬耳)

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**BUSINESS**

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*Exclusive at TamJai*



Tofu in Sichuan Style  
(涼拌川北豆腐)



Shredded Pork Tripe  
with Chili  
(蜀香肚絲)



Pork Uteri in  
Chili Sauce  
(巴蜀爽脆生腸)



Chicken Wings in  
Sichuan Style  
(四川麻辣雞翼)

*Exclusive at SamGor*



Roasted Eggplant with  
Garlic  
(蒜燒茄子)



Vegetarian Dish in  
Numbing & Spicy  
Sauce  
(口水三素)



Pork Tongue (in  
Chongqing Hot Sauce/  
in Mala Sauce)  
(豬脷(重慶口水汁/  
麻辣涼伴汁))



Roasted Vegetable  
Roll  
(香烤素菜卷)

*Time-limited offers*

*Exclusive at TamJai*



Crisp Grass Carp  
Mixian in Papaya &  
Fish Soup  
(脆肉鯪木瓜魚湯米線)



Crisp Grass Carp  
Mixian in Coriander &  
Century Egg Fish  
Soup  
(香茜皮蛋魚湯米線  
配脆肉鯪)



Cordyceps Flower  
Mixian in Chicken  
Soup  
(蟲草花雞湯米線)



Spicy Black Tripe in  
Sichuan Style  
(川風香辣黑柏葉)

*Exclusive at SamGor*



Mixian with Duck  
Blood in SamGor  
Spicy Broth  
(三哥水煮湯鴨血米線)



Fish Maw & Pepper  
Chicken Mixian  
(花膠胡椒雞美線)



Sour & Spicy Potato  
Starch Noodles  
(酸辣撈薯粉)



Roasted Spicy Pork  
Chop  
(爆辣小豬件)

*Special drinks*

*Exclusive at TamJai*



White Peach Honey  
(白桃蜜)



Grape Special Drink  
with Lactic Acid  
Popping Boba  
(凍葡萄特飲  
配乳酸爆珠)



Pineapple Special  
Drink  
(菠蘿冰)



Brown Sugar Ginger  
Tea with Bean Curd  
(豆花黑糖薑母茶)

*Exclusive at SamGor*



Salted Lemon Soda  
(咸檸梳打)



Passion Fruit  
Oolong Tea  
(熱情果烏龍茶)



Green Apple Soda  
(青蘋果梳打)



Grape Oolong Tea  
(葡萄烏龍茶)

**Breakfast menu**

*TamJai*



Macaroni with Ham in Soup,  
Scrambled Egg with Baked Beans with  
Tomato and Toast with Butter  
(火腿通心粉、炒蛋配番茄茄汁豆及牛油多士)



Grilled Cheese Sandwich in Tufei style  
(Minced Pork)  
(烘土匪芝士三文治(炸醬))

*SamGor*



Scrambled Egg with SamGor Minced Pork,  
Sliced Bread with Butter and Vegetable in Butter  
(三哥乍醬炒蛋、牛油方包及牛油雜菜)



Rice Shell Pasta with Vegetable, Chicken and  
Ham in Clear Broth  
(清湯時菜雞肉火腿貝殼米粉)

**Restaurant network**

As at the Latest Practicable Date, we operated a total of 156 restaurants, comprising 79 TamJai restaurants and 77 SamGor restaurants, of which 150 were located in Hong Kong, three in Shenzhen, Mainland China and three in Singapore. Our restaurants are strategically located in different trade zones, such as commercial districts, shopping areas, high streets and residential areas. We leased all of the properties for our restaurants as at the Latest Practicable Date.

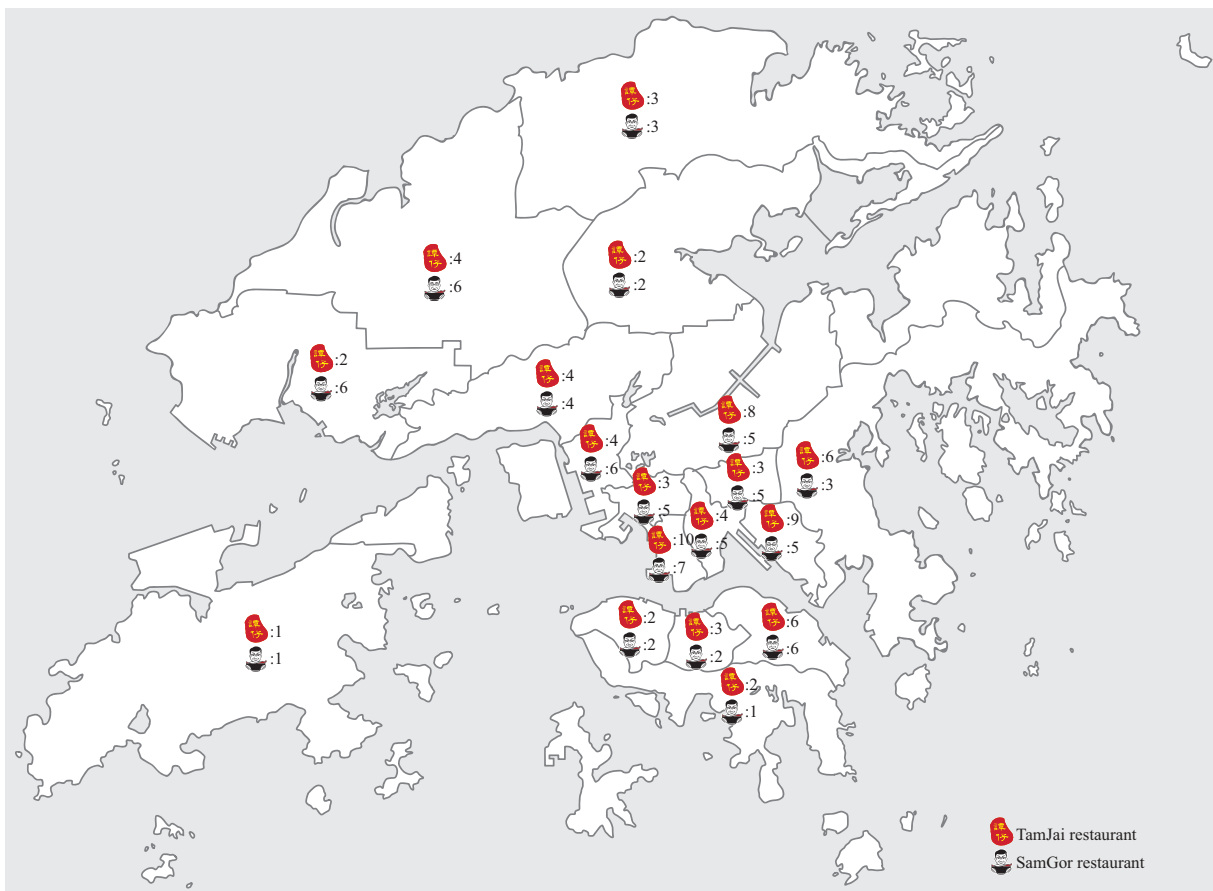


## BUSINESS

The following table sets forth the number of our restaurants by brand and by location as at the Latest Practicable Date:

	Hong Kong			Mainland	Singapore	Total
	Hong Kong Island	Kowloon	New Territories	China		
TamJai	13	29	34	3	—	79
SamGor	11	27	36	—	3	77
<b>Total</b>	<b>24</b>	<b>56</b>	<b>70</b>	<b>3</b>	<b>3</b>	<b>156</b>

The following map shows the number of our restaurants in each of the 18 districts of Hong Kong as at the Latest Practicable Date:



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## BUSINESS

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The following images show the shopfront and interior design of a selection of our restaurants:

### TamJai restaurants in Hong Kong

#### *Shopfront*



Central Store  
(中環店)



Tsim Sha Tsui Store  
(尖沙咀店)



Whampoa Store  
(黃埔店)



Shatin Store  
(沙田店)



Tung Chung Store  
(東涌店)



LOHAS Park Store  
(康城店)

*Interior design*





**TamJai restaurant in Shenzhen, Mainland China**

*Shopfront and interior design*



SamGor restaurants in Hong Kong

Shopfront



To Kwa Wan Store  
(土瓜灣店)



Tai Po Store  
(大埔店)



Tin Shui Wai Store  
(天水圍店)



San Po Kong Store  
(新蒲崗店)



Ngau Tau Kok Store  
(牛頭角店)



Tsuen Wan Store  
(荃灣店)

*Interior design*





SamGor restaurants in Singapore

*Shopfront and interior design*



## BUSINESS

The following table sets forth a breakdown of our revenue by brand and geographic location for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$ '000</i>	%	<i>HK\$ '000</i>	%	<i>HK\$ '000</i>	%
<b>TamJai</b>						
Hong Kong	825,654	53.1	856,993	50.7	890,300	49.6
<b>Subtotal</b>	<b>825,654</b>	<b>53.1</b>	<b>856,993</b>	<b>50.7</b>	<b>890,300</b>	<b>49.6</b>
<b>SamGor</b>						
Hong Kong	730,519	46.9	834,186	49.3	893,461	49.8
Singapore	—	—	—	—	10,932	0.6
<b>Subtotal</b>	<b>730,519</b>	<b>46.9</b>	<b>834,186</b>	<b>49.3</b>	<b>904,393</b>	<b>50.4</b>
<b>Total</b>	<b>1,556,173</b>	<b>100.0</b>	<b>1,691,179</b>	<b>100.0</b>	<b>1,794,693</b>	<b>100.0</b>

### Movement in number of restaurants

The table below sets forth the movement in the number of our restaurants by brand and by location during the Track Record Period and up to the Latest Practicable Date:

	Year ended 31 March 2019			Year ended 31 March 2020			Year ended 31 March 2021			From 1 April 2021 up to the Latest Practicable Date		As at the Latest Practicable Date	
	Year beginning	Opened (Note 1)	Closed (Note 2)	Year end	Opened (Note 1)	Closed (Note 2)	Year end	Opened (Note 1)	Closed (Note 2)	Year end	Opened (Note 1)	Closed (Note 2)	
	<b>TamJai</b>												
Hong Kong	51	2	—	53	11	(2)	62	12	(2)	72	5	(1)	76
Mainland China	—	—	—	—	—	—	—	—	—	—	3	—	3
<b>Sub-total</b>	<b>51</b>	<b>2</b>	<b>—</b>	<b>53</b>	<b>11</b>	<b>(2)</b>	<b>62</b>	<b>12</b>	<b>(2)</b>	<b>72</b>	<b>8</b>	<b>(1)</b>	<b>79</b>
<b>SamGor</b>													
Hong Kong	56	1	(3)	54	12	(3)	63	10	(1)	72	2	—	74
Singapore	—	—	—	—	—	—	3	—	—	3	—	—	3
<b>Sub-total</b>	<b>56</b>	<b>1</b>	<b>(3)</b>	<b>54</b>	<b>12</b>	<b>(3)</b>	<b>63</b>	<b>13</b>	<b>(1)</b>	<b>75</b>	<b>2</b>	<b>—</b>	<b>77</b>
<b>Total</b>	<b>107</b>	<b>3</b>	<b>(3)</b>	<b>107</b>	<b>23</b>	<b>(5)</b>	<b>125</b>	<b>25</b>	<b>(3)</b>	<b>147</b>	<b>10</b>	<b>(1)</b>	<b>156</b>

Notes:

- (1) Comprises restaurants which were opened as a result of relocation.
- (2) For the years ended 31 March 2019, 2020 and 2021 and the period from 1 April 2021 and up to the Latest Practicable Date, we closed a total of three, five, three and one restaurants, respectively. Among these 12 restaurants, (i) six restaurants were closed due to relocation for the reasons that (a) alternative locations were identified which we believe we could achieve better sales performance and cost efficiency, or (b) we were requested by our landlord to relocate for the overall planning of the shopping mall in which our restaurant was located; (ii) one restaurant was closed due to non-renewal of the lease by the landlord; (iii) three restaurants were closed due to redevelopment or renovation of the properties in which the restaurants were located; and (iv) two restaurants were closed due to under-performance. None of these 12 restaurants was closed due to cannibalisation.



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### Breakeven and investment payback period

During the Track Record Period, we opened 25 TamJai restaurants in Hong Kong, 23 SamGor restaurants in Hong Kong and three SamGor restaurants in Singapore. The following table sets forth the typical breakeven period and investment payback period of these restaurants as at 31 March 2021:

	<u>Typical breakeven period (months)</u> <i>(Note 1)</i>	<u>Typical investment payback period (months)</u> <i>(Note 2)</i>
<b>TamJai</b>		
Hong Kong	1–5	6–19
<b>SamGor</b>		
Hong Kong	1–3	4–19
Singapore	N/A	N/A

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*Notes:*

- (1) Breakeven period refers to the period required for a restaurant to achieve breakeven point, i.e. its monthly revenue at least equals to its monthly operating expenses. As at 31 March 2021, (i) 24 out of 25 TamJai restaurants opened in Hong Kong during the Track Record Period had achieved breakeven. The remaining TamJai restaurant which had not achieved breakeven had been opened for less than one month in March 2021; (ii) all 23 SamGor restaurants opened in Hong Kong during the Track Record Period had achieved breakeven; and (iii) all three SamGor restaurants opened in Singapore during the Track Record Period had not yet achieved breakeven and had been opened for a period ranging from approximately four to five months. Restaurants that had not yet achieved breakeven as at 31 March 2021 are excluded from the calculation of the breakeven period.
- (2) Investment payback period refers to the period required for the accumulated operating cashflow generated from a restaurant to cover the initial costs of opening that restaurant. Restaurants that had not yet achieved investment payback as at 31 March 2021 are excluded from the calculation of the investment payback period. As at 31 March 2021, (i) 17 of the 25 TamJai restaurants opened in Hong Kong during the Track Record Period had not yet achieved investment payback and had been opened for a period ranging from approximately one to 19 months; (ii) 12 of the 23 SamGor restaurants opened in Hong Kong during the Track Record Period had not yet achieved investment payback and had been opened for a period ranging from approximately two to 25 months; and (iii) all three SamGor restaurants opened in Singapore during the Track Record Period had not yet achieved investment payback and had been opened for a period ranging from approximately four to five months.

Among the 24 TamJai restaurants opened in Hong Kong during the Track Record Period and had achieved breakeven, 23 had a breakeven period of one to two months and the other one had a breakeven period of five months. This TamJai restaurant which achieved breakeven in five months was opened in January 2020 at the onset of COVID-19 pandemic, which had adversely affected its customer traffic and sales performance.

The range of investment payback period for our TamJai and SamGor restaurants opened during the Track Record Period and achieved investment payback as at 31 March 2021 were six to 19 months and four to 19 months, respectively. The investment payback period achieved by our restaurants was primarily affected by (i) location of our restaurants, (ii) monthly rental, (iii) customer traffic and (iv) impact of social movements and COVID-19, which had adversely impacted our restaurants to different degrees depending on the location and opening period of restaurants.

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The investment payback period achieved by our TamJai and SamGor restaurants were generally within the industry average, which ranged widely from seven to 25 months, according to Euromonitor.

Among all of the restaurants opened during the Track Record Period, we had one TamJai and two SamGor restaurants which had opened for more than 19 months (being the high end of the typical range of investment payback period achieved by us during the Track Record Period) and had not achieved investment payback as at 31 March 2021. The reasons why such restaurants had not yet achieved investment payback was primarily due to (i) the impact of social movements in the second half of 2019 and the COVID-19 pandemic, which had adversely affected the customer traffic and sales performance for a restaurant located in Tsim Sha Tsui; and (ii) the overall sales performance below our expectation for the other two restaurants. Nonetheless, these two restaurants had been profit-making throughout the Track Record Period. Notwithstanding that they had not achieved investment payback, all of the above three restaurants had achieved breakeven as at 31 March 2021.

### Operating performance of our restaurants

The following table sets forth certain key performance indicators of our restaurants for the years indicated:

	Year ended 31 March		
	2019	2020	2021
<b>Revenue (HK\$'000)</b>			
<i>By brand</i>			
TamJai	825,654	856,993	890,300
SamGor	730,519	834,186	904,393
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>
<i>By order type</i>			
Dine-in	1,234,864	1,225,784	903,994
Takeaway and delivery <i>(Note 1)</i>	321,309	465,395	890,699
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>
<b>Average daily revenue per restaurant (HK\$) <i>(Note 2)</i></b>			
<i>By brand</i>			
TamJai	44,848	42,173	37,537
SamGor	37,935	39,107	37,206
<b>Overall</b>	<b>41,314</b>	<b>40,603</b>	<b>37,369</b>
<i>By order type</i>			
Dine-in	32,784	29,429	18,823
Takeaway and delivery	8,530	11,173	18,546
<b>Overall</b>	<b>41,314</b>	<b>40,603</b>	<b>37,369</b>

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	Year ended 31 March		
	2019	2020	2021
<b>Total number of customers served</b>			
<i>(thousands) (Note 3)</i>			
<i>By brand</i>			
TamJai	14,848	13,916	15,143
SamGor	14,220	15,021	15,591
Total	<u>29,068</u>	<u>28,937</u>	<u>30,734</u>
<i>By order type</i>			
Dine-in	22,841	21,248	15,604
Takeaway and delivery <i>(Note 1)</i>	6,227	7,689	15,130
Total	<u>29,068</u>	<u>28,937</u>	<u>30,734</u>
<b>Average daily number of customers served per restaurant</b>			
<i>(Note 4)</i>			
TamJai	807	685	638
SamGor	738	704	641
Overall	<u>772</u>	<u>695</u>	<u>640</u>
<b>Average spending per customer</b>			
<i>(HK\$) (Note 5)</i>			
TamJai	55.6	61.6	58.8
SamGor	51.4	55.5	58.0
Overall	<u>53.5</u>	<u>58.4</u>	<u>58.4</u>
<b>Average seat turnover rate (excluding takeaway and delivery orders)</b>			
<i>(times/day) (Note 6)</i>			
TamJai	5.0	4.2	2.8
SamGor	6.1	5.5	3.4
Overall	<u>5.5</u>	<u>4.8</u>	<u>3.0</u>
<b>Average number of bowls served per seat per day</b>			
<i>(bowl/day) (Note 7)</i>			
TamJai	6.3	5.5	5.2
SamGor	7.8	7.8	7.1
Overall	<u>7.0</u>	<u>6.5</u>	<u>6.0</u>

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*Notes:*

- (1) Comprises takeaway orders made at the restaurants and delivery orders fulfilled through online delivery platforms.
- (2) Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.
- (3) We use the number of bowls of mixian sold as a proxy for the total number of customers served.
- (4) Calculated by dividing the total number of customers served by the total restaurant operation days. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (5) 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.
- (6) Calculated by dividing the total number of dine-in customers served (excluding takeaway and delivery orders) by the total seating capacity calculated with reference to the floor area of our restaurants by total operation days divided by total number of restaurants. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (7) 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 floor area of our restaurants by total operation days divided by total number of restaurants.

Our total revenue increased by 8.7% from HK\$1,556.2 million for the year ended 31 March 2019 to HK\$1,691.2 million for the year ended 31 March 2020, which was primarily due to (i) the increase in revenue from the expansion of our restaurant network; and (ii) the increase in average spending per customer mainly driven by (a) the increase in menu price for both TamJai and SamGor brands in 2019; (b) the offering of time limit snacks, drinks and premium mixian and mixian toppings to interest our customers and boost sales; and (c) the increase in delivery orders, which the menu price at the online delivery platforms is generally higher than that at our physical restaurants; partially offset by (iii) the impact of the continued social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020, which had led to the decrease in our average daily number of customers served per restaurant and average daily revenue per restaurant.

Our total revenue increased by 6.1% from HK\$1,691.2 million for the year ended 31 March 2020 to HK\$1,794.7 million for the year ended 31 March 2021, which was primarily due to (i) the increase in our revenue from takeaway and delivery services by 91.4% from HK\$465.4 million for the year ended 31 March 2020 to HK\$890.7 million for the year ended 31 March 2021. Such increase was primarily resulted from (a) the change in customer preference as a result of the outbreak of COVID-19, as consumers become increasingly accustomed to food delivery, according to Euromonitor; and (b) the increase in the number of restaurants in operation; partially offset by (ii) the decrease in our revenue from dine-in services by 26.3% from HK\$1,225.8 million for the year ended 31 March 2020 to HK\$904.0 million for the year ended 31 March 2021. During the year ended 31 March 2021, there was a general reduction in customer traffic as a result of the social distancing measures amidst COVID-19 pandemic. Accordingly, our average daily number of customers served per restaurant and the average daily revenue per restaurant decreased. Our average seat turnover also experienced significant decrease during the year ended 31 March 2021, which was primarily due to the decrease in revenue from dine-in services as a result of the dine-in restrictions imposed by Hong Kong government such as prohibiting the provision of dine-in services completely and during certain hours and the restrictions in seating capacity. With our extensive restaurant network and our food being highly suitable for takeaway and delivery orders, the impact on our dine-in orders was to

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a large extent mitigated by the increase in our takeaway and delivery orders. This is evidenced by our relatively stable average number of bowls served per seat per day in the two years ended 31 March 2021. According to Euromonitor, in light of the outbreak of COVID-19, food delivery has become popular in 2020 as outings and social gatherings were minimised to prevent COVID-19 infections. There has also been an increasing demand for food deliveries in areas outside the central business districts as businesses have adopted work-from-home arrangements. The average spending per customer remained relatively stable for the year ended 31 March 2021 as compared to the year ended 31 March 2020, which was primarily due to (i) the increase in delivery orders which the menu price at online delivery platforms is generally higher than that at our physical restaurants; offset by (ii) the offering of value snacks/drinks and mixian combo for takeaway orders and snacks giveaway to our customers during the year, which had led to the decrease in snacks and drinks ordered at regular price.

While dine-in orders were our major revenue contributor throughout the Track Record Period, we experienced a shift of order type to takeaway and delivery after the outbreak of COVID-19. During the Track Record Period, the shift to takeaway and delivery orders had caused an increase in handling charges, which were primarily charged by the online delivery platforms, and consumables and packaging expenses. As our revenue contributed by takeaway and delivery orders increased from HK\$321.3 million (representing 20.6% of the total revenue) for the year ended 31 March 2019 to HK\$890.7 million (representing 49.6% of our total revenue) for the year ended March 2021, (i) our handling charges increased from HK\$4.4 million for the year ended 31 March 2019 to HK\$55.5 million for the year ended 31 March 2021, representing 0.3% and 3.1% of our total revenue for the respective years; and (ii) our consumables and packaging expenses increased from HK\$19.7 million for the year ended 31 March 2019 to HK\$48.8 million for the year ended 31 March 2021, representing 1.3% and 2.7% of our total revenue for the respective years. The increased costs associated with takeaway and delivery orders had been largely mitigated by the higher menu prices on the online delivery platforms and charges on takeaway containers.

The following table sets forth the average daily revenue per restaurant and average daily cost per restaurant by order types for the years indicated:

	Year ended 31 March		
	2019	2020	2021
<b>Average daily revenue per restaurant</b>			
<i>(HK\$) (Note 1)</i>			
Dine-in	32,784	29,429	18,823
Takeaway and delivery	8,530	11,173	18,546
Overall	41,314	40,603	37,369
<b>Average daily cost per restaurant (HK\$) (Note 2)</b>			
<i>Variable costs directly attributable to</i>			
<i>our orders (Note 3):</i>			
Dine-in	18,163	16,195	10,066
Takeaway and delivery	5,328	6,828	11,476
Overall	23,491	23,023	21,542
<i>Fixed costs of our restaurant operation (Note 4):</i>			
Overall	9,091	9,220	8,627

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*Notes:*

- (1) Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.
- (2) Calculated by dividing the costs incurred by our restaurant operations after excluding any costs arising from our headquarters by the total restaurant operation days.
- (3) Included (i) cost of food and beverages consumed; (ii) staff costs; (iii) handling charges; and (iv) consumables and packaging expenses. Among these costs, except for (i) handling charges charged by the online delivery platforms which were directly attributable to the delivery orders; (ii) other handling charges charged by other services providers which were directly attributable to dine-in orders and takeaway orders and were allocated based on the respective revenue generated; and (iii) consumables and packaging expenses incurred which were directly attributable to takeaway and delivery orders, other costs, including cost of food and beverages consumed and staff costs, were allocated to the respective order types based on the number of bowls of mixian sold under each type of orders.
- (4) Mainly included (i) depreciation of right-of-use assets, rental and related expenses; (ii) utilities expenses; (iii) repairs and maintenance; (iv) cleaning expenses; and (v) other expenses.

While consumers will gradually resume dining in restaurants after the COVID-19 pandemic is over, it is expected that food ordering and delivery will remain a prevailing trend due to the prolonged habit of ordering takeaways, according to Euromonitor. Going forward, our Directors considered that such a shift from dine-in orders to takeaway and delivery orders will not have a material impact on our profitability given that (i) we are able to set a higher price for the menu items offered on the online delivery platforms to cover the fees charged by the online delivery platforms as a whole; (ii) we are able to charge our customers packaging fees for the plastic containers used for takeaway orders on a per-unit basis to cover the relevant consumables and packaging expenses; (iii) as opposed to dine-in orders, takeaway and delivery orders do not consume, and are not limited by, the seating capacity of our restaurants and as such we are able to serve more customers (including dine-in, takeaway and delivery orders) to drive our sales volume, particularly during peak hours when our sales volume relating to dine-in orders may be limited by seating capacity, which means more customers can be served at the same level of fixed costs of our restaurant operations; and (iv) as opposed to dine-in orders, our restaurant staff do not have to carry out table-cleaning and dish-washing for takeaway and delivery orders and as such our restaurant staff are faced with less amount of workload, which allows us room to adjust our manpower and reduce our staff costs.

During the Track Record Period, we had a total of 12 restaurants, including seven TamJai restaurants in Hong Kong, two SamGor restaurants in Hong Kong and three SamGor restaurants in Singapore which incurred net operating losses. The amount of net operating losses incurred by such TamJai and SamGor restaurants during the Track Record Period amounted to HK\$5.8 million, HK\$0.4 million and HK\$5.0 million, respectively.

Among these 12 restaurants, (i) nine restaurants, comprising five TamJai restaurants in Hong Kong, one SamGor restaurant in Hong Kong and three SamGor restaurants in Singapore, were newly opened during the year ended 31 March 2021; (ii) one TamJai restaurant in Hong Kong was opened during the year ended 31 March 2020; and (iii) two restaurants, comprising one TamJai restaurant in Hong Kong and one SamGor restaurant in Hong Kong were opened prior to the Track Record Period.

Among the nine newly opened restaurants as referred to under (i) above, (a) six restaurants were located in Hong Kong and incurred operating losses for the year ended 31 March 2021 as we were in the process of optimising the size of workforce and efficiency during the ramp-up stage of

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their operations. Such losses were also attributable to the rental expenses incurred during the renovation period prior to their opening. For the four months ended 31 July 2021, all of these six newly opened restaurants had recorded operating profit; (b) the other three restaurants were located in Singapore and incurred operating losses for the year ended 31 March 2021 primarily resulting from (1) the higher average cost of food and beverages consumed and pre-opening costs incurred. In addition, our cost of central kitchen in Singapore as a percentage of revenue for our Singapore operation was higher as our central kitchen in Singapore had not been fully utilised at the initial stage; and (2) the high initial set up costs, including lease related expenses, staff costs incurred during the training period prior to their openings in October and November 2020 and costs of purchases of utensils and equipment. For the four months ended 31 July 2021, our restaurant operation in Singapore had yet to generate operating profit primarily due to certain local COVID-19 related social distancing measures, including restrictions on social gathering and large group dining. These measures have greatly impacted the customer traffic which we would normally anticipate in a commercial and shopping areas where our restaurants are situated. All of the three restaurants in Singapore had not achieved breakeven as at 31 July 2021. Our restaurants in Singapore are expected to achieve breakeven in one to five months upon the lifting of COVID-19 related restrictions by the Singapore government.

The TamJai restaurant as referred to under (ii) above was opened in January 2020 (i.e. during the year ended 31 March 2020) at the onset of the COVID-19 pandemic, which had adversely affected its customer traffic and sales performance. Such restaurant recorded operating losses for the years ended 31 March 2020 and 2021 but recorded operating profits for the four months ended 31 July 2021.

Among the two restaurants opened prior to Track Record Period as referred to under (iii) above, (a) the TamJai restaurant was opened in 2015 and closed in November 2020 due to unsatisfactory sales performance as a result of low customer traffic. Such restaurant recorded operating profits for the year ended 31 March 2019 but recorded operating losses for the years ended 31 March 2020 and 2021; and (b) the SamGor restaurant was opened in 2013 and closed in July 2018 as we decided not to renew the lease upon its expiry and relocated it as a result of the rental increase by the landlord. Such restaurant recorded operating losses in two months for the year ended 31 March 2019, which was primarily due to the rental costs incurred during the reinstatement period. If such rental costs had been excluded, this restaurant would have been profit-generating for the year ended 31 March 2019.

We conduct post-investment review of the operational and financial performance of our new restaurants after they have been opened for three months and six months, respectively. We also hold monthly financial review meetings to discuss our overall financial performance. If the performance of a new restaurant is below our expectation, we will review whether its performance could be improved from three perspectives: (i) staff cost; (ii) cost of food and beverage consumed; and (iii) revenue. For example, we may adjust the working hours of the staff to minimise staff cost according to the sales level, review whether the staff serve the correct portion of food in accordance with the work manual, review whether the quantity and quality of the food ingredients supplied by our suppliers are up to standard, review whether there is any unusual food wastage, and launch marketing and promotional activities to attract customers and boost sales. Regarding our three SamGor restaurants in Singapore, they are located at tourist spots and commercial and shopping area and have been heavily affected by social distancing measures which have resulted in significant reduction in customer traffic. We plan to negotiate with the landlords for rent concession for these three restaurants. We believe that the performance of these three restaurants will improve as the COVID-19 pandemic gradually becomes contained and social distancing measures become increasingly relaxed.

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### Operating performance of our comparable restaurants

We define our comparable restaurants as those restaurants in full operation throughout the periods under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the periods concerned. The following table sets forth certain key performance indicators of our comparable restaurants for the years indicated:

	Year ended 31 March			
	2019	2020	2020	2021
<b>Number of comparable restaurants</b>				
TamJai	47		46	
SamGor	44		44	
<b>Total</b>	<b>91</b>		<b>90</b>	
<b>Revenue from comparable restaurants</b> (HK\$'000)				
<i>By brand</i>				
TamJai	751,464	733,404	722,894	632,214
SamGor	588,131	623,623	622,086	586,991
<b>Total</b>	<b>1,339,595</b>	<b>1,357,027</b>	<b>1,344,980</b>	<b>1,219,205</b>
<i>By order type</i>				
Dine-in	1,081,430	995,528	988,109	623,490
Takeaway and delivery <sup>(Note 1)</sup>	258,165	361,499	356,871	595,715
<b>Total</b>	<b>1,339,595</b>	<b>1,357,027</b>	<b>1,344,980</b>	<b>1,219,205</b>
<b>Comparable restaurant revenue growth rate</b>				
TamJai		-2.4%		-12.5%
SamGor		+6.0%		-5.6%
Overall		+1.3%		-9.4%
<b>Average daily revenue per comparable restaurant</b> (HK\$) <sup>(Note 2)</sup>				
<i>By brand</i>				
TamJai	44,839	43,397	43,719	38,634
SamGor	37,318	39,370	39,298	37,208
<b>Overall</b>	<b>41,194</b>	<b>41,449</b>	<b>41,557</b>	<b>37,934</b>
<i>By order type</i>				
Dine-in	33,255	30,407	30,530	19,399
Takeaway and delivery	7,939	11,042	11,026	18,535
<b>Overall</b>	<b>41,194</b>	<b>41,449</b>	<b>41,557</b>	<b>37,934</b>



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	Year ended 31 March			
	2019	2020	2020	2021
<b>Range of average daily revenue per comparable restaurant</b> (HK\$) <i>(Note 2)</i>				
TamJai	21,834–74,489	19,700–78,133	21,822–78,133	21,472–77,651
SamGor	19,585–64,159	20,922–60,682	20,922–60,682	21,377–59,159
<b>Total customers served at comparable restaurants</b> (thousands) <i>(Note 3)</i>				
<i>By brand</i>				
TamJai	13,464	11,892	11,773	10,855
SamGor	11,397	11,205	11,187	10,157
Total	24,861	23,097	22,960	21,012
<i>By order type</i>				
Dine-in	19,910	17,194	17,092	10,837
Takeaway and delivery <i>(Note 1)</i>	4,951	5,903	5,869	10,174
Total	24,861	23,097	22,960	21,012
<b>Average daily number of customers served per comparable restaurant</b> <i>(Note 4)</i>				
TamJai	803	704	712	663
SamGor	723	707	707	644
Overall	765	705	709	654
<b>Range of average daily number of customers served per comparable restaurant</b> <i>(Note 4)</i>				
TamJai	416–1,341	363–1,266	368–1,266	366–1,315
SamGor	396–1,233	384–1,089	384–1,089	368–1,019
<b>Average spending per customer at comparable restaurants</b> (HK\$) <i>(Note 5)</i>				
TamJai	55.8	61.7	61.4	58.2
SamGor	51.6	55.7	55.6	57.8
Overall	53.9	58.8	58.6	58.0
<b>Range of average spending per customer for each comparable restaurant</b> (HK\$) <i>(Note 5)</i>				
TamJai	48.3–63.1	54.2–77.3	55.3–67.8	52.8–62.3
SamGor	44.2–56.7	51.2–59.9	51.2–59.9	54.4–63.2

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	Year ended 31 March			
	2019	2020	2020	2021
<b>Average seat turnover rate at comparable restaurants (excluding takeaway and delivery orders)</b> <i>(times/day)</i> <sup>(Note 6)</sup>				
TamJai	4.9	4.2	4.1	2.8
SamGor	6.1	5.3	5.3	3.2
Overall	5.4	4.6	4.6	2.9
<b>Range of average seat turnover rate at comparable restaurants (excluding takeaway and delivery orders)</b> <i>(times/day)</i> <sup>(Note 6)</sup>				
TamJai	2.5–10.2	2.1–8.1	2.1–8.1	1.2–5.3
SamGor	2.3–13.6	2.2–12.6	2.2–12.6	1.4–7.0
<b>Average number of bowls served per seat per day at comparable restaurants</b> <i>(bowl/day)</i> <sup>(Note 7)</sup>				
TamJai	6.2	5.4	5.4	5.0
SamGor	7.6	7.4	7.3	6.7
Overall	6.7	6.2	6.2	5.7
<b>Range of average number of bowls served per seat per day for each restaurant</b> <i>(bowl/day)</i> <sup>(Note 7)</sup>				
TamJai	3.0–12.6	2.5–11.2	2.5–11.2	1.7–9.6
SamGor	3.0–18.8	3.2–20.1	3.2–20.1	2.8–18.8

*Notes:*

- (1) Comprises takeaway orders made at the restaurants and orders fulfilled through the online delivery platforms.
- (2) Calculated by dividing the revenue generated from comparable restaurants by the total operation days of our comparable restaurants.
- (3) We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (4) Calculated by dividing the total number of customers served by the total operation days of our comparable restaurants. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (5) Calculated by dividing the revenue generated from the comparable restaurants by the total number of customers served at our comparable restaurants. We use the number of bowls of mixian sold as a proxy for the number of customers served.
- (6) Calculated by dividing the total number of dine-in customers served in our comparable restaurants (excluding takeaway and delivery orders) by the total seating capacity calculated with reference to the floor area of our restaurants by total operation days divided by the total number of comparable restaurants. We use the number of bowls of mixian sold as a proxy for the number of customers served.

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- (7) Calculated by dividing the total number of bowls served in our comparable restaurants (including dine-in, takeaway and delivery orders) by the total seating capacity calculated with reference to the floor area of our restaurants by total operation days divided by total number of restaurants.

For the year ended 31 March 2020, our revenue from comparable restaurants remained relatively stable as compared to the year ended 31 March 2019, which was mainly due to the combined effect of (i) the decrease in total customers served at our comparable restaurants affected by the continued social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020; partially offset by (ii) the increase in average spending per customer at our comparable restaurants. For the year ended 31 March 2020, TamJai brand recorded negative comparable restaurant growth rate of 2.4%, while SamGor brand recorded positive comparable restaurant growth rate of 6.0%, primarily as our SamGor restaurants were located further away from the core areas of the social movements and thus was less affected by social movements during the year.

For the year ended 31 March 2021, our revenue from comparable restaurants decreased as compared to the year ended 31 March 2020, which was primarily due to the decrease in total customers served at our comparable restaurants as a result of the outbreak of COVID-19. In particular, our dine-in services, being the major contributor of our revenue during the Track Record Period, was materially affected by the measures imposed by the Hong Kong government, including the temporary suspension of operations of certain of our restaurants, resulting in the significant decrease in our revenue from dine-in services. Such decrease in revenue was to a large extent mitigated by the increase in takeaway and delivery orders.

### THE IMPACT OF THE COVID-19 PANDEMIC

#### Measures implemented by the government authorities to contain the COVID-19 pandemic

Since the outbreak of COVID-19 and up to the Latest Practicable Date, the Hong Kong government had been implementing various anti-pandemic measures in response to the various stages of the pandemic, which directly impacted the consumer food service industry, including, among others, (i) requiring tables to be separated by a certain distance and be installed with partitions; (ii) restricting the number of customers that can be served per table and the total number of customers to be served at one time; (iii) restricting the provision of dine-in services; (iv) requiring temperature screening of customers; (v) requiring provision of hand sanitiser; and (vi) requiring registration of customers via certain contact-tracing system or in writing.

During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant regulations and measures implemented by the government authorities in relation to the COVID-19 pandemic in all material respects, save for the following incidents which were due to our staff's misunderstanding of the relevant legal requirements:

- (i) one of our restaurants failed to cease selling or supplying food or drink for consumption during a specified period in breach of sections 3(1)(a) and 3(6) of the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong) (the "**Regulation**"), for which we were fined HK\$3,000, which had been fully paid by us; and

- (ii) eight of our restaurants failed to comply with the directions issued by the Secretary for Food and Health in relation to setting tables 1.5 metres apart, having effective separation between tables and/or offering dine-in service during a prohibition period, in breach of sections 7(1) and (2) of the Regulation, for which we were fined a total of HK\$19,000, which had been fully paid by us.

**Impact of the COVID-19 pandemic on our business and financial performance**

As a result of the COVID-19 pandemic, we experienced a general reduction in customer traffic since early 2020, which had resulted in a decrease in the revenue of our comparable restaurants for the year ended 31 March 2021. Our dine-in services and our seating capacity have been and may continue to be affected by the anti-pandemic measures implemented by the government authorities. However, with our efforts in adjusting our operations to cater for the increasing volume of takeaway and delivery orders and giving promotional discounts to facilitate our takeaway and delivery sales, and given that we have an extensive restaurant network and our food is suitable for takeaway and delivery orders, the impact on our dine-in orders was to a large extent mitigated by the increase in our takeaway and delivery orders. For details of the performance of our comparable restaurants, please refer to the section headed “Business — Our restaurants — Operating performance of our comparable restaurants” in this prospectus.

We have sought to mitigate the impact of reduced customer traffic due to social distancing measures by shortening the opening hours of some of our restaurants and adjusting our manpower planning to cope with the shift from dine-in orders to takeaway and delivery orders. We have also sought to mitigate the impact of the pandemic by obtaining rent concession from our landlords. In addition, we have obtained subsidies from the anti-epidemic fund granted by the Hong Kong government and obtained subsidies in relation to the COVID-19 pandemic granted by the Singapore government. Such subsidies have become unconditional and irrevocable. For details, please refer to the section headed “Financial information — Description of selected items in consolidated statements of profit or loss and other comprehensive income — Other income” in this prospectus.

Notwithstanding the challenges due to the COVID-19 pandemic, our business has remained profitable. For the year ended 31 March 2021, taking into account the aforementioned government subsidies and the rent concession, we recorded net profit of HK\$287.8 million, which increased by 50.8% from HK\$190.9 million for the year ended 31 March 2020, and we recorded positive operating cash flows of approximately HK\$707.3 million, which increased by approximately 34.1% from HK\$527.5 million for the year ended 31 March 2020. Our net profit for the year ended 31 March 2021 resulting from our normal course of business without taking into account the non-recurring government subsidies received in relation to the COVID-19 pandemic of HK\$154.5 million and rent concession (which included HK\$11.7 million included in other revenue and HK\$3.9 million offset against turnover rents under rental and related expenses) would have been lower than that for the year ended 31 March 2020.

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Our recent performance indicates that the demand for our food and service has been recovering. Based on our unaudited management accounts for the four months ended 31 July 2021, (i) our revenue increased by 38.6% from that for the four months ended 31 July 2020, reaching 135.3% of that for the four months ended 31 July 2019; (ii) our average daily revenue per restaurant increased by 15.6% from that for the four months ended 31 July 2020, reaching 98.9% of that for the four months ended 31 July 2019; (iii) our total number of customers served increased by 34.8% from that for the four months ended 31 July 2020, reaching 129.2% of that for the four months ended 31 July 2019; (iv) our average daily number of customers served per restaurant increased by 12.5% from that for the four months ended 31 July 2020, reaching 94.5% of that for the four months ended 31 July 2019; and (v) our average number of bowls served per seat per day increased by 12.4% from that for the four months ended 31 July 2020, reaching 95.5% of that for the four months ended 31 July 2019. Based on the above, our Directors are of the view that our performance has recovered to substantially the same level as or better than the level before the social movement in the second half of 2019 and the outbreak of the COVID-19 in early 2020.

During the period from July 2020 to June 2021, we temporarily suspended dine-in, takeaway and/or delivery service of a total of 54 restaurants for approximately five days on average for sterilisation and/or quarantine primarily because our employees, their close contacts or certain customers were infected with COVID-19. As at the Latest Practicable Date, all of the affected restaurants had resumed normal operation.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage, delay or interruption in relation to the supply of food ingredients or other raw materials from our suppliers that materially and adversely affected our operation and financial condition.

It remains difficult to predict the full impact of the COVID-19 pandemic on the broader economy and how consumer behaviour may change, and whether such change is temporary or permanent. Social distancing, telecommunicating and reductions in travel may become the new normal. These conditions could fundamentally impact the way we operate and the services we provide, and could have continuing adverse effects on our operating results, cash flows and financial condition in the future. The extent to which our operation will be impacted by the COVID-19 pandemic will depend largely on future development, which is highly uncertain and cannot be accurately predicted, including the possible further spread of the pandemic and the actions to be taken by the government authorities to contain the pandemic. Notwithstanding such uncertainties, given our business resilience as evidenced by the profitability and strong operating cash inflows during the Track Record Period, we are confident that there will be continuous demand for our food and services and that our business is viable and sustainable.

**SITE SELECTION AND RESTAURANT OPENING PROCESS****Site selection**

We consider that a restaurant's location is crucial to its success. Our restaurants are strategically located in different trade zones, such as commercial districts, shopping areas, shopping centres, high streets and residential malls. We carefully identify potential new sites by considering, among others, (i) consumers' demand and demographics; (ii) transportation facilities, accessibility and estimated customer traffic; (iii) number and nature of competitors in the area; (iv) rental costs and leasing terms; and (v) size and nature of the premises.

Our site selection process generally involves the following major steps: (i) conducting analysis on demographic data; (ii) prioritising trade areas by categories; (iii) identifying the focal point of a trade area; (iv) identifying potential new sites; (v) negotiating with landlords; (vi) conducting due diligence, site check and technical review; and (vii) conducting sales projection and cost structure analysis.

Any proposal to open a new restaurant will be subject to the approval of our board of Directors and our site selection committee, which comprises our chief executive officer, chief financial officer, business development director and general managers, who will carefully evaluate the viability of the proposal before approving it.

**Restaurant opening process**

Our restaurant opening process generally involves the following principal steps: (i) conducting site selection; (ii) negotiating with prospective landlords about the leasing terms; (iii) designing the restaurant; (iv) engaging contractors to carry out renovation work; (v) obtaining all necessary licences and permits; and (vi) recruiting and training new staff.

**Measures to avoid cannibalisation**

To avoid cannibalisation among our restaurants, we have implemented the following measures:

- (i) we carefully select different ingredients and spices in preparing the soup bases of TamJai and SamGor so as to create different tastes for the soup bases of the two brands. Each brand has its own exclusive featured combinations of mixian and toppings, soup bases, snacks and special drinks. For details, please refer to the paragraph headed "Our restaurants — Our brands" above in this section. The restaurants under the two brands are designed differently. Each brand has adopted a distinct colour scheme for its restaurant setting and environment. During the process of site selection, we study the traffic data of the potential site to assess whether TamJai or SamGor will be more suitable for the prospective customers in that location;

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- (ii) during the process of site selection, we evaluate if there is sufficient population and consumers' demand in a potential area to support a new restaurant. We generally will not open a new restaurant in the same shopping mall or within a certain area in which we already have another restaurant under either of our two brands, unless we have sufficient traffic data showing that the traffic is sizeable enough to support an additional restaurant in that location. Among our 150 restaurants in Hong Kong as at the Latest Practicable Date, none is located in the same shopping mall, and 24 restaurants are located within an approximately five-minute walk from another restaurant under either of our two brands;
- (iii) during the process of site selection, we take into account the potential cannibalisation effect on our other restaurants nearby, while balancing it against the potential revenue to be generated from the new restaurant;
- (iv) any proposal to open a new restaurant is subject to the approval of our board of Directors and our site selection committee, who collectively oversee the expansion of our TamJai and SamGor restaurants as a whole to avoid any over-aggressive expansion of either or both brands; and
- (v) we conduct post-investment review of the operational and financial performance of our new restaurants after they have been opened for three months and six months, respectively. If the performance of a new restaurant is below our expectation, we will review whether its performance could be improved from three perspectives: (i) staff cost; (ii) cost of food and beverage consumed; and (iii) revenue. For example, we may adjust the working hours of the staff to minimise staff cost according to the sales level, review whether the staff serve the correct portion of food in accordance with the work manual, review whether the quantity and quality of the food ingredients supplied by our suppliers are up to standard, review whether there is any unusual food wastage and launch marketing and promotional activities to attract customers and boost sales. We also continuously monitor the operational and financial performance of all our restaurants as a whole. If there is any unsatisfactory performance, we will carry out analysis and adjust our strategies accordingly.

Our Directors are of the view that the measures that we have adopted to avoid cannibalisation are adequate and effective, having considered that:

- (i) during the Track Record Period, the expansion of our restaurant network in Hong Kong had contributed to the 15.3% growth in our total revenue from HK\$1,556.2 million for the year ended 31 March 2019 to HK\$1,794.7 million for the year ended 31 March 2021, as well as the 6.2% growth in our total number of customers served from 28.9 million for the year ended 31 March 2020 to 30.7 million for the year ended 31 March 2021, notwithstanding the adverse impact of the social movements and the COVID-19 pandemic, in the absence of which we believe such growth would have been even higher;
- (ii) our site selection process involves detailed analysis of each potential new site in terms of, among other things, population, consumers' demand, transportation facilities, accessibility, estimated customer traffic, key residential and/or commercial buildings nearby and competitors nearby, so as to ensure that each new restaurant is backed by sufficient demand;

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- (iii) all of the restaurants which we opened in Hong Kong during the Track Record Period had achieved breakeven as at 31 March 2021, save for one restaurant which was newly opened in March 2021. We believe this indicates that such restaurants are supported by sufficient demand; and
- (iv) we have built in several layers of systemic and on-going safeguard measures, such as requiring approval from our board of Directors and site selection committee for any proposal to open a new restaurant and conducting post-investment review of operational and financial performance of our new restaurants.

### **Measures to manage new restaurants**

Our headquarters in Hong Kong will be responsible for overseeing the management of our new restaurants. Our new restaurants will adopt the same management structure and quality control policy as our existing restaurants. To ensure that our restaurants are standardised, we have compiled operational manuals, which set out the guidelines in relation to opening new restaurants and how to adhere to our standard of quality of food and services. We have also formed a team of experienced trainers with relevant work experience and satisfactory performance, who are selected from our staff and have undergone a series of “train-the-trainer” programme, to train up our new staff on our standard of quality of food and services. Our operation management teams will monitor and supervise our new staff in terms of quality of food and services, hygiene and manpower planning.

### **MARKETING AND PROMOTION**

We are constantly promoting our brands through various channels to enhance our brand awareness, attract new customers and increase customer loyalty. Our marketing team is responsible for formulating marketing strategies, organising promotional events and managing our social media accounts. We also retain advertising agencies to assist us in launching thematic advertising and promotional campaigns.

#### **Promotion in the media**

We have been using a lot of media for our promotions. We carefully select the most suitable medium or a mix of media for our promotions such that the target audiences will be reached effectively. We have launched various online videos, including mini-film-style commercials on social media and online platforms to promote our brands. Our brands are highly popular in the social media due to our innovative and entertaining advertisements. From time to time, we cooperate with the press to publish articles about our new dishes and other marketing information. We have also set up our own websites, Facebook pages, Instagram pages and YouTube channel, which provide information such as our menus, restaurant photos, restaurant locations, promotional videos and other marketing information. Our marketing team actively posts new contents about our restaurants and interact with our customers online.



**Mobile application and loyalty programme**

We have developed and launched a mobile application for our TamJai brand and we plan to extend the use of mobile applications to our SamGor brand as well in the future. The mobile application has a loyalty programme which offers membership rewards to returning customers. We believe this would attract our customers to visit our restaurants more frequently and maintain their loyalty. Through the mobile application, our customers can receive our latest promotional information. The mobile application also has a remote queuing function, which we believe can reduce customers' waiting time and enhance the overall dining experience.

**Promotional discounts**

We provide promotional discounts from time to time to attract customers. We also collaborate with various payment companies, such as Octopus and Alipay, and various online delivery platforms, such as Deliveroo, Foodpanda and Uber Eats, to offer promotional discounts to our customers from time to time for using such payment methods or takeaway platforms.

**Collaborations**

In 2019, we collaborated with a well-known snacks manufacturer to launch a series of potato chips with our signature TamJai Mala (hot and numbing) flavour and SamGor Wula (charred pepper and spices) flavour. The potato chips were given out as promotional gifts to our customers and were also sold in supermarkets and stores. In 2021, we collaborated with a well-known chocolate brand in launching a spicy chocolate as promotional gifts for the Valentine's Day. These campaigns have resulted in extensive exposure of our brands.

**MENU DEVELOPMENT**

We place great emphasis on originality and innovation. We seek to continuously develop and offer new menu items in order to maintain freshness of our brands and attract more customers to visit our restaurants. We develop new menu items or modify our existing menu items based on the changing tastes and preferences of customers, shifting food and nutrition trends and feedback from our customers. For example, in addition to our signature spicy soup bases, we have developed other non-spicy soup bases, such as clear soup (清湯底) and tomato soup (鮮蕃茄湯底), to provide more options for customers who prefer milder flavours. Our toppings and snacks include various vegetarian-friendly choices to cater to vegetarian customers. We also launch time-limited menu items from time to time, such as Crisp Grass Carp Mixian in Papaya and Fish Soup (脆肉鯪木瓜魚湯米線), Sour and Spicy Potato Starch Noodles (酸辣撈薯粉) and Roasted Sting Beans with Spicy Minced Pork (炸醬烤四季豆).

The principal steps of our menu development process generally include (i) designing a new menu item with reference to market research and study; (ii) conducting internal tasting; (iii) refining the design; (iv) evaluating its commercial viability in terms of price, cost, sales volume and attractiveness; (v) sourcing the appropriate food ingredients; (vi) setting the menu price; and (vii) formulating the standardised procedures for preparing and cooking the new menu item. With the approval of our management, the new menu item will be launched at our restaurants.

**SEASONALITY**

Given the business nature of our Group, our business did not experience any distinguishable seasonal fluctuation during the Track Record Period.

**CENTRAL KITCHENS**

At the beginning of the Track Record Period, we operated two central kitchens in Hong Kong, one of which was established in 2014 to support our SamGor restaurants, and the other one was established in 2017 to support our TamJai restaurants. In 2020, we integrated these two central kitchens into a new central kitchen to enhance standardisation and management efficiency. In 2020, we established a central kitchen in Singapore to support our restaurants there. As at the Latest Practicable Date, we operated one central kitchen in Hong Kong and one central kitchen in Singapore.

Our central kitchen in Hong Kong is currently supporting our existing restaurants in Hong Kong. In addition, it is and will continue to be responsible for the production of the secret ingredients of soup and sauce bases for Hong Kong, Mainland China and the international markets so as to maintain consistency in the taste and quality in each market. It is accredited with Food Safety Management System ISO 22000 and HACCP certifications and has a GFA of approximately 68,300 sq.ft. Our central kitchen in Singapore is currently supporting our existing restaurants in Singapore. It has a GFA of approximately 1,100 sq.ft.

The food processing functions currently assumed by our central kitchens primarily include preparing and processing meat, offal, vegetables, soup bases, sauces and marinades. Food ingredients are processed into semi-processed or processed ingredients at our central kitchens and are then delivered to our restaurants on a daily basis according to the replenishment orders from our restaurants. For the years ended 31 March 2019, 2020 and 2021, approximately 45.3%, 48.0% and 52.2% of the food ingredients used in our restaurants are supplied by our central kitchens.

Our central kitchens enable us to centralise the procurement, processing and quality control of food ingredients. They promote standardisation of our food processing procedures and enable us to maintain consistency in the taste and quality of our food. As certain complex and time-consuming food processing procedures have been performed by our central kitchens, our restaurants can prepare the food more quickly with the semi-processed ingredients provided by our central kitchens. Another advantage is that we only need to install certain cooking equipment in our central kitchens instead of all our restaurants, which reduces the initial capital expenditure for opening a new restaurant, thereby enhancing the scalability of our business. Our central kitchens also help us reduce the overall time and costs of food processing due to economies of scale and enables us to negotiate for better discounts for our food ingredients due to bulk purchasing.

We currently do not have any central kitchen in Mainland China and our restaurants there are supported by an OEM supplier, which primarily provides us with meat, offal and vegetables and produces soup bases, sauces and spices for us according to our instructions and using the secret ingredients provided by us. Pursuant to our agreement with them, the OEM supplier is under a confidentiality obligation not to divulge any information about our secret recipes and production know-how to third parties and is required to restrict their personnel's access to our secret recipes and production know-how on a strictly need-to-know basis. The secret ingredients for the soup and sauce bases produced by our central kitchen in Hong Kong are transported by a third-party importer to the OEM supplier for further processing, which are then transported to our restaurants in the PRC.

**PROCUREMENT**

We adopt a centralised procurement policy for purchasing the food ingredients for all of our TamJai and SamGor restaurants. We have established a procurement department which is responsible for selecting suppliers, negotiating with suppliers about purchasing terms, placing orders, arranging for payments and delivery, and conducting market research and price comparison.

**Supplier selection and management**

We select suppliers based on a number of criteria, such as relevant qualifications, reputation, track record, price, quality and timeliness and accuracy of delivery. When evaluating suppliers, we conduct background and qualification check, sample testing and, where appropriate, on-site auditing of their production facilities to ensure that their product quality is satisfactory. We maintained a list of authorised suppliers comprising approximately 168 suppliers as at 31 March 2021. In order to ensure sufficient supply of food ingredients and avoid over-reliance on a single supplier, we usually have a few authorised suppliers as alternatives for the same type of food ingredients. We review the performance of our authorised suppliers from time to time. Where necessary, we will conduct on-site auditing of their production facilities to check their performance in respect of hygiene and food safety. Those who fail to meet our requirements may be removed from our list of authorised suppliers.

We have implemented an anti-bribery and corruption policy requiring our employees to avoid and declare any actual or potential conflict of interest and forbidding them from receiving any kickback from our suppliers. We strive to engage only those suppliers which have at least the same level of ethical value and commitment as ourselves and we communicate our anti-bribery and corruption policy to our suppliers. To the best knowledge of our Directors, we had not countered any incident of our employees receiving kickback from our suppliers during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage, delay or interruption in relation to the supply of food ingredients from our suppliers or any early termination of contractual arrangements with our suppliers which materially and adversely affected our operation and financial conditions.

During the Track Record Period, we had not experienced any material fluctuation in the price of food ingredients that we purchased. We believe that if there is any material increase in our purchase costs of food ingredients, we will be able to pass on such increase to our customers by increasing the menu prices.

**Salient purchase terms**

We generally do not enter into any long-term contract with our suppliers. We usually confirm with our suppliers in advance by way of a price quotation as to the prices and the estimated amount of food ingredients that we expect to purchase from them over a period of time and subsequently place purchase orders to them when our central kitchens and restaurants need to replenish stocks. Our Directors believe that this allows us to have greater flexibility to negotiate more favourable terms based on the latest market conditions. Our Directors consider that it is generally not difficult to source from alternative suppliers given that there are many suppliers for the food ingredients we need in the market.

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The terms of each price confirmation and purchase order entered into between us and our suppliers may vary. The salient terms of a typical price confirmation and purchase order are shown below:

Product	:	The products and their brands and/or places of origin are specified.
Quantity	:	The quantity is usually specified in terms of number of carton boxes and weight.
Price	:	The price for each type of product is usually agreed in advance by way of a price quotation and will remain effective for a period of time before renegotiation.
Date of delivery	:	The products may be delivered to us on several dates. The quantity to be delivered on each date is specified.
Delivery address	:	The products are usually supplied to our central kitchens or restaurants.
Payment	:	Payment is usually made within a period of time after monthly invoicing.
Other terms	:	Suppliers are required to comply with the applicable local laws and provide us with health certificates for their products (if necessary).

### **Our suppliers**

Our suppliers mainly consist of food ingredients suppliers. Our major food ingredients include meat, meat balls, offal, vegetables, mushrooms and mixian. We also purchase beverage and takeaway packaging materials, engage contractors for renovation work and rent dish-washing machines from relevant service providers.

We have established one to six years of business relationship with our five largest suppliers during the Track Record Period. For the years ended 31 March 2019, 2020 and 2021, purchases attributable to our largest supplier accounted for approximately 21.8%, 18.3% and 18.0% of our total purchases, respectively, while purchases attributable to our five largest suppliers in aggregate accounted for approximately 46.5%, 44.1% and 44.2% of our total purchases, respectively.

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The following table sets forth the details of our five largest suppliers during the Track Record Period:

### *Year ended 31 March 2019*

<u>Ranking</u>	<u>Supplier</u>	<u>Principal business</u>	<u>Location</u>	<u>Products/ services supplied</u>	<u>Length of business relationship</u>	<u>Credit term</u>	<u>Payment method</u>	<u>Purchases (HK\$'000)</u>	<u>Percentage of total purchases (%)</u>
1	Supplier A	Wholesaling of meat and other food ingredients	Hong Kong	Meat and mixian	Six years	30 days	Cheque	81,654	21.8
2	Supplier B	Wholesaling of meat balls	Hong Kong	Meat balls	Six years	15 days	Cheque	45,862	12.2
3	Supplier C	Manufacturing and wholesaling of meat balls	Hong Kong	Meat balls	Three years	30 days	Cheque	18,266	4.9
4	Supplier D	Wholesaling of frozen food ingredients	Hong Kong	Meat	Three years	30 days	Cheque	14,707	3.9
5	Supplier E	Wholesaling of frozen meat	Hong Kong	Meat	Three years	30 days	Cheque	13,907	3.7
<b>Total</b>								<b>174,396</b>	<b>46.5</b>

### *Year ended 31 March 2020*

<u>Ranking</u>	<u>Supplier</u>	<u>Principal business</u>	<u>Location</u>	<u>Products/ services supplied</u>	<u>Length of business relationship</u>	<u>Credit term</u>	<u>Payment method</u>	<u>Purchases (HK\$'000)</u>	<u>Percentage of total purchases (%)</u>
1	Supplier A	Wholesaling of meat and other food ingredients	Hong Kong	Meat and mixian	Six years	30 days	Cheque	71,420	18.3
2	Supplier B	Wholesaling of meat balls	Hong Kong	Meat balls	Six years	15 days	Cheque	42,313	10.9
3	Supplier C	Manufacturing and wholesaling of meat balls	Hong Kong	Meat balls	Three years	30 days	Cheque	20,273	5.2
4	Supplier F	Wholesaling of frozen meat	Hong Kong	Meat	Five years	30 days	Cheque	20,148	5.2
5	Supplier D	Wholesaling of frozen food ingredients	Hong Kong	Meat	Three years	30 days	Cheque	17,424	4.5
<b>Total</b>								<b>171,578</b>	<b>44.1</b>

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### Year ended 31 March 2021

Ranking	Supplier	Principal business	Location	Products/ services supplied	Length of business relationship	Credit term	Payment method	Purchases (HK\$'000)	Percentage of total purchases (%)
1	Supplier A	Wholesaling of meat and other food ingredients	Hong Kong	Meat and mixian	Six years	30 days	Bank transfer and/or cheque	74,251	18.0
2	Supplier B	Wholesaling of meat balls	Hong Kong	Meat balls	Six years	15 days	Bank transfer and/or cheque	38,912	9.4
3	Supplier D	Wholesaling of frozen food ingredients	Hong Kong	Meat	Three years	30 days	Bank transfer and/or cheque	31,004	7.5
4	Supplier G	Wholesaling of frozen meat and food processing	Hong Kong	Meat	One year	30 days	Bank transfer and/or cheque	19,554	4.7
5	Supplier C	Manufacturing and wholesaling of meat balls	Hong Kong	Meat balls	Three years	30 days	Bank transfer and/or cheque	18,855	4.6
<b>Total</b>								<b>182,576</b>	<b>44.2</b>

All of our five largest suppliers during the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their close associates, or any Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest (direct or indirect) in any of our five largest suppliers during the Track Record Period.

#### Payment and credit term

During the Track Record Period, our five largest suppliers generally offered us a credit term of 15 to 30 days and we generally settled payments by bank transfer in Hong Kong dollars.

#### Inventory management

We usually confirm with our suppliers in advance as to the prices and the estimated amount of food ingredients that we expect to purchase from them over a period of time in order to get a better discount and ensure stability of supply. After confirming such details with our suppliers, our procurement department will place individual purchase orders to our suppliers for the amount of food ingredients that our central kitchens and restaurants need. Upon receiving our delivery orders, our suppliers will then deliver the requested amount of food ingredients to our central kitchens or directly to our restaurants. We store the food ingredients at suitable temperatures according to our internal guidelines.

Our restaurants keep a minimal level of food ingredients for daily operation for up to approximately three days in order to keep the food ingredients fresh and avoid wastage. Our restaurants place replenishment orders to our central kitchens and/or to our procurement department on a daily basis. Upon receiving replenishment orders from our restaurants, our central kitchens will process the requested amount of food ingredients and deliver them to our restaurants, and our procurement department will place purchase orders to our suppliers, who will deliver the requested amount of food ingredients to our restaurants.

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We have implemented quality control measures in respect of storage. Please refer to the paragraph headed “— Food safety and quality control — Storage quality control” in this section for further details.

### COOPERATION WITH ONLINE DELIVERY PLATFORMS

Our delivery orders are fulfilled by online delivery platforms which we cooperate with from time to time. During the Track Record Period, we cooperated with three online delivery platforms. We are usually charged by the online delivery platforms a fee equal to an agreed percentage of the price of the food items for each order fulfilled by them. They are usually responsible for collecting payments from the customers and remitting such payments to us after deducting any amount payable by us. Where the delivery orders are paid by the customers by electronic means, the online delivery platforms are usually responsible for any service charge payable to the payment service providers. Some platforms may require us to pay the delivery personnel a delivery fee based on travel time and distance, which in turn will be collected from the customers by the platform on our behalf. Subject to the terms which vary from one agreement to another, we are generally responsible for preparing and packing the food in a timely manner and are liable for any customer claims or complaints in respect of the contents, quality and safety of the food (save to the extent caused by the delivery service), whereas the online delivery platforms are generally responsible for delivering (or procuring delivery personnel to deliver, as the case may be) the food to the customers in a timely manner and are liable for any customer claims or complaints in respect of the delivery service.

To ensure food safety and quality for delivery orders, we have implemented the following measures:

- (i) before the food is picked up by the delivery personnel, our staff will check that it is properly and securely packed in the takeaway containers and plastic bags to avoid spillover during delivery;
- (ii) we will review the monthly statistics report compiled by the online delivery platforms and evaluate our performance; and
- (iii) our management and operations team will follow up on any issues identified in relation to delivery service and coordinate with our training managers to enhance our staff training if necessary.

For the years ended 31 March 2019, 2020 and 2021, our revenue generated from orders placed through online delivery platforms amounted to HK\$3.9 million, HK\$101.2 million and HK\$217.7 million, representing 0.3%, 6.0% and 12.1% of our total revenue, respectively. We generally renew our service contract with the delivery platform every one or two years.

In order to mitigate the impact of the fees charged by the online delivery platforms on our profit margins, we usually set a higher price for the menu items offered on the online delivery platforms to fully cover such fees as a whole. In order to boost sales, we offer meal sets on the online delivery platforms to attract customers to spend more and carry out promotional campaigns jointly with the online delivery platforms. We do not enter into any long-term contract with the online delivery platforms, which we believe would allow us to have a greater flexibility to negotiate more favourable fee rates with different online delivery platforms based on the latest market conditions.

**FOOD SAFETY AND QUALITY CONTROL**

We believe that food safety and quality control are critical to our success. We implement stringent food safety and quality control measures to ensure the safety and quality of our food are satisfactory and that our customers have an enjoyable dining experience. Our quality assurance department, comprising a total of 14 staff as at the Latest Practicable Date, is responsible for establishing and overseeing our quality control measures, which are implemented and monitored by our quality assurance staff at central kitchen level and restaurant level. Our head of quality assurance department, who reports to our chief executive officer, has obtained a bachelor of science (food and nutritional sciences) degree and completed training courses in relation to food management systems, with over 20 years of relevant industry experience, and most of our other quality assurance staff have obtained bachelor's degrees in curricula such as food testing science, biology and chemistry, food safety and technology, and food and nutritional science, with approximately six years of relevant industry experience on average. We have engaged a quality assurance agency to develop an audit programme for our Group according to industry standards to ensure our quality assurance measures are effectively implemented and complied with. The quality assurance agency will also conduct on-site auditing of each of our restaurants. The results of auditing conducted by the quality assurance agency so far have all reached a satisfactory grade and no material deficiencies have been identified.

Our quality control measures cover different aspects of our operation, including (i) procurement; (ii) food processing; (iii) storage; (iv) logistics; (v) restaurant operation; and (vi) customer service.

**Procurement quality control**

Before we engage our suppliers, we conduct background and qualification check, sample testing and, where appropriate, on-site auditing of their production facilities to ensure that their product quality is satisfactory. Only those who meet our requirements will be selected. In our evaluation process, we consider a number of criteria, such as relevant qualifications, reputation, track record, price, quality and timely delivery. We regularly review the performance of our suppliers. For example, we generally conduct on-site auditing of their production facilities every year to check their performance in respect of hygiene and food safety. Those who fail to meet our requirements will be removed from our list of authorised suppliers.

When we receive food ingredients from our suppliers, we conduct inspection to ensure that the packaging is intact, the food ingredients are kept at appropriate temperatures, the quantity is correct and the quality is satisfactory. If the food ingredients fail to meet our requirements, we will return or dispose of them and request for replacement. We inspect the documentation about the place of origin of the supplied goods. We also engage third parties to conduct laboratory testing of our food ingredients to ensure their safety and quality from time to time.

**Food processing quality control**

Our central kitchen in Hong Kong is accredited with Food Safety Management System ISO 22000 and HACCP certifications. We provide training in relation to food safety management system to our staff. Our staff are required to strictly follow our internal procedures in respect of food processing, sterilisation and personal hygiene. Our quality assurance staff conduct on-site inspection of our restaurants from time to time to ensure strict compliance with our internal procedures. Any irregular findings will be reported to our management and shared to our staff for improvement.



To ensure the taste of our food is consistent across our restaurants, we have implemented a set of standardised procedures of food processing that cover various aspects, such as marination, cooking time and food presentation. We regularly perform product testing and sampling of our food ingredients, including microbiological, chemical and physical testing, to ensure that our food safety measures are effective and that the relevant food safety laws and regulations are complied with.

**Storage quality control**

We have internal guidelines for proper storage of food ingredients. For example, food ingredients must be stored at appropriate temperatures. All ingredients are sorted and stored in proper storage spaces. Raw meat and cooked meat must be stored separately to prevent cross contamination. We perform stock count at our restaurants and central kitchens regularly to prevent keeping obsolete stock. We keep record of the delivery and expiry dates of the food ingredients and we use them on a first-in first-out basis. In general, the shelf life of our food ingredients vary from approximately three to 14 days. We routinely monitor the freshness of the food ingredients according to our internal shelf life chart.

**Logistics quality control**

We have an internal logistics team and an outsourced logistics team responsible for delivering food ingredients from our central kitchens to our restaurants. As at the Latest Practicable Date, we owned six refrigerated trucks. We routinely monitor the temperature data loggers of our refrigerated trucks and those of the outsourced logistics team to ensure that the food ingredients in transit are kept at appropriate temperatures. The outsourced logistics team is required to comply with our standards in handling food ingredients.

**Restaurant operation quality control**

We have implemented internal guidelines about maintaining food safety and hygiene in various aspects of our restaurant operation which our staff are required to follow. These guidelines cover areas such as maintaining personal hygiene, inspection and storage of food ingredients, prevention of cross contamination, food temperature control, cleaning and sanitising, use of kitchen equipment and detergent, handling ice cubes and pest control. Our staff are required to wear uniform and maintain personal hygiene and tidiness in order to avoid any risk of cross contamination. We routinely inspect and maintain the cleanliness of our restaurants, utensils and kitchen equipment. Pest control companies are engaged to carry out pest control work at our restaurants every month to prevent any pest-related issues.

**Customer service quality control**

In order to maintain high level of customer service quality, we provide training to our new frontline staff when they join our Group. We regularly review the performance of our frontline staff and offer performance-based rewards to them on a monthly basis. We value our customers' feedback, which we will take into account to improve our performance. We welcome customers to provide feedback to us through various channels, such as customer service hotline, email, online comment form and social media platforms. We have established a customer service department responsible for handling customers' feedback. Under our customers' feedback system, we will reply to our customers' enquiries or complaints promptly. We also engage external service providers to conduct mystery shopper audit every month to regularly check the quality of customer service of our restaurants. When granting performance-based rewards to our staff, we will take into account the mystery shopper scores.

### **Quality control measures for overseas restaurants**

Our local operating teams in the overseas markets will establish local standard operating procedures in relation to restaurant practice, operation flow, food safety and hygiene for our local staff to follow. Such procedures will adhere to the framework as set out in our group-level quality assurance policy. Our local operating teams will set up an internal audit programme or engage external auditors to conduct regular restaurant inspection to ensure our internal procedures are effectively implemented and complied with. Audit results will be reported to our head of quality assurance department.

### **Food safety incidents**

During the Track Record Period and up to the Latest Practicable Date, we recorded 75 food safety incidents, which were mainly about customers feeling unwell after consuming our food or discovering foreign object in our food. We consider that the reasons for such incidents were mainly because of insufficient awareness of personal hygiene of our kitchen staff, improper treatment of food ingredients by our kitchen staff or substandard products provided by our suppliers.

During the Track Record Period and up to the Latest Practicable Date, save for the following incident, we had not been penalised by any government authorities for any food safety incident, and to the best knowledge of our Directors, we had not been subject to any investigation regarding hygiene of our food or restaurants by any government authorities. In October 2020, the food sold by one of our restaurants to a customer had not been completely heated to certain temperature, in breach of sections 52(1) and 150 of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong), for which we were penalized for five demerit points and fined HK\$3,000, which had been fully paid by us. The reason for such incident was mainly because of improper treatment of food ingredients by our kitchen staff.

To prevent recurrence of similar incidents, we have implemented the following measures:

- (i) recorded and reported the food safety incidents to our quality assurance, procurement and/or operation departments for investigation and follow-up;
- (ii) reminded our staff to strictly comply with our internal procedures in respect of food processing, sterilisation and personal hygiene;
- (iii) engaged a quality assurance agency to conduct on-site inspection of our restaurants; and
- (iv) requested the relevant suppliers to enhance their quality control measures.

**CUSTOMER COMPLAINTS**

We strive to provide quality food and service to our customers. We value our customers' feedback, which we will take into account to improve our performance. Customers may provide feedback to or lodge complaints with us through various channels, such as customer service hotline, email, online comment form and social media platforms. We have established a customer service department responsible for handling customers' feedback and complaints. Under our customers' feedback system, we will reply to our customers' enquiries or complaints promptly. We have implemented internal guidelines which categorise customer complaints and emergencies into three levels of seriousness and set out the corresponding procedures to handle such incidents. Such guidelines are aimed to enable our staff to identify and handle customer complaints and emergencies appropriately and report to the management to improve our food and service quality and avoid negative publicity. If we receive a complaint through the above channels, we will record all the information about the complaint and send it to the relevant regional manager for investigation and follow-up. Our quality assurance department and procurement department will also follow up any complaints related to food quality. The complaint will be further reported to the heads of our marketing department, operation department, administration department and/or corporate communication department and/or our chief executive officer. If we receive any complaints at our restaurants, our restaurant managers or restaurant supervisors will handle the complaints promptly and offer appropriate solutions to the complainants. Such complaints will also be recorded and reported to the relevant departments as described above. Records of complaint will be kept by our customer service department.

During the Track Record Period, we recorded 3,191 customer complaints, representing less than 0.004% of the number of customers we served during such period. During the Track Record Period, we also recorded (i) five customer complaints filed with the Consumer Council; (ii) two customer complaints filed with the Hong Kong Tourism Board; and (iii) 186 customer complaints filed with the FEHD. These customer complaints were generally about the quality of our food or service. Our Directors confirm that such customer complaints had not given rise to any material claim for compensation or resulted in any material adverse impact on our business, operation or financial condition during the Track Record Period and up to the Latest Practicable Date.

**OUR CUSTOMERS**

During the Track Record Period, our customers were primarily retail customers from the general public. Our Directors consider that it is not practicable to identify our five largest customers during the Track Record Period due to the diverse nature of our customer base.

**PRICING POLICY**

Our TamJai and SamGor brands are positioned as fast casual restaurants aimed at providing quality food and quick services at competitive prices. Under both of our two brands, our mixian is set at affordable entry prices, while our customers can customise their bowl of mixian according to their preferences by ordering add-ons on an à la carte basis. We believe this strategy can promote upselling and cover a wider spectrum of spending power.

In determining our menu prices, we generally take into account the following factors:

- (i) cost of food ingredients;
- (ii) cost structure of restaurants and target profit margins;

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- (iii) spending habits and spending power of target customers;
- (iv) prices of similar products charged by competitors;
- (v) overall customer perceived value;
- (vi) anticipated market trends; and
- (vii) geographical location.

We apply different tier prices to restaurants located in different areas to reflect the level of rentals, costs of living, income and spending power in that area. We typically review and adjust our menu prices annually, taking into account factors such as inflation, cost of food ingredients, macroeconomic conditions and market trends.

We monitor and control the major cost components in order to mitigate the adverse impact of the increase in ingredient prices through the follow ways:

1. we regularly conduct market research and price comparison for ingredients such as vegetables, meat and groceries to minimise the purchasing cost;
2. we regularly liaise with suppliers and keep track of the availability of ingredients to minimise the risk of shortage in the supply of ingredients;
3. we constantly look for suitable ingredients with better cost-performance; and
4. we take into account the increase in ingredient prices when we review and adjust our menu prices annually.

### SETTLEMENT AND CASH MANAGEMENT

We generally accept payments from our customers by way of (i) cash; (ii) Octopus cards; and (iii) other payment methods, which mainly include online delivery platforms, credit cards, Alipay, Apple Pay, BOC Pay and WeChat Pay. The following table sets forth a breakdown of our revenue by type of settlement for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Cash	1,401,349	90.0	1,393,894	82.4	1,070,151	59.6
Octopus cards	127,092	8.2	175,307	10.4	389,244	21.7
Other payment methods	27,732	1.8	121,978	7.2	335,298	18.7
<b>Total</b>	<b>1,556,173</b>	<b>100.0</b>	<b>1,691,179</b>	<b>100.0</b>	<b>1,794,693</b>	<b>100.0</b>

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In respect of dine-in orders and takeaway orders made at our restaurants which are paid by Octopus cards, credit cards, Alipay, Apple Pay, BOC Pay or WeChat Pay, we are usually charged by the payment service providers a service charge equal to an agreed percentage of the amount of payment processed by them. In respect of delivery orders fulfilled through online delivery platforms, we are usually charged by the online delivery platforms a fee equal to an agreed percentage of the price of the food items for each order fulfilled by them. They are usually responsible for collecting payments from the customers and remitting such payments to us after deducting any amount payable by us. Where the delivery orders are paid by the customers by electronic means, the online delivery platforms are usually responsible for any service charge payable to the payment service providers. For details of our cooperation with online delivery platforms, please see the paragraph headed “— Cooperation with online delivery platforms” in this section above.

To prevent misappropriation of cash, we have implemented the following cash management measures. We have installed a computerised POS system for recording orders. Our staff is required to follow our internal procedures in respect of recording orders and any irregular incidents, such as change or cancellation of orders or non-payment by customers. Access to cash registers is restricted to the restaurant manager or other authorised staff, who are usually the restaurant vice manager and restaurant supervisor. The restaurant manager is responsible for conducting reconciliation between the amount of cash received at each restaurant and the sales record of our POS system on a daily basis. Each restaurant is installed with a safe. Cash received at each restaurant pending delivery to the banks is deposited in the safe. Access to the password and the keys of the safe are restricted to the restaurant manager and other authorised staff, who are usually the restaurant vice manager and restaurant supervisor. Cash receipts are transferred and deposited into our bank accounts by a secured logistics service provider, namely Guardforce, usually two to four times a week. We conduct reconciliation between the amount of petty cash kept at each restaurant with our record regularly. Our staff is required to keep proper record of the use of petty cash in accordance with our internal procedures.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not encountered any material cash misappropriation.

Having reviewed the internal control measures adopted by our Group in respect of in-store cash management (including procedures for cashier processing and access to cashier), processing receipt and physical cash management (including prevention of cash misappropriation, embezzlement and collusion among employees), the Internal Control Consultant (as defined in the paragraph headed “— Internal control and corporate governance” in this section below) did not identify any material deficiencies in our Group’s internal control measures on cash receipts and management.

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### EMPLOYEES

We had 2,888 employees (including full-time and part-time employees) as at the Latest Practicable Date. The table below shows the number of our employees by function and by location as at the Latest Practicable Date:

	<u>Hong Kong</u>	<u>Mainland China</u>	<u>Singapore</u>	<u>Total</u>
Director	3	—	—	3
Finance and Compliance	37	5	2	44
Business Development and Project Department	30	2	1	33
Human Resources, Learning and Development, Administration and Information Technology	38	7	1	46
Marketing and Corporate Communication	16	2	1	19
Procurement and Central Kitchen	101	4	2	107
Quality Assurance	13	1	—	14
Brand Operation Management	36	4	3	43
Restaurant staff	<u>2,465</u>	<u>69</u>	<u>45</u>	<u>2,579</u>
<b>Total</b>	<u><u>2,739</u></u>	<u><u>94</u></u>	<u><u>55</u></u>	<u><u>2,888</u></u>

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we had not experienced any material disputes with our employees or any disruption to our operations due to labour disputes; (ii) we had not experienced any difficulties in the recruitment and retention of staff; and (iii) there was no labour union established by our employees.

### Recruitment and retention

We recruit our employees from the open market mainly through recruitment advertisements, recruitment agencies, online platforms and referrals. We intend to attract and retain suitable personnel by offering competitive wages and benefits with rewards for performance, children scholarship, medical and life insurance, on-the-job training and internal promotion opportunities. We assess the available human resources on a continual basis and will determine whether additional personnel are required to cope with our business development.

The remuneration package of our employees (including full-time and part-time employees) generally includes basic salary and discretionary bonus. 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 is generally based on, among other things, the financial performance of the restaurant(s) which the particular employee is responsible for (or the financial performance at group-level if he/she assumes a group-level position), the mystery shopper scores of the restaurant(s) which he/she is responsible for and his/her work performance (e.g. punctuality).

We strive to offer equal opportunities to our employees and foster a discrimination-free work place. We have implemented internal guidelines which provide that our decisions in relation to recruitment should be based on the abilities, aptitude and knowledge of the relevant candidates, regardless of their gender, disability, family status, race, age or sexual orientation.

**Training**

Our operations team and training managers oversee the training of our employees. We provide our frontline restaurant staff with training in various aspects, such as operational procedures, customer service, cleaning and sanitation, food safety and work safety. We have formed a team of experienced trainers with relevant work experience and satisfactory performance, who are selected from our staff and have undergone a series of “train-the-trainer” programme, to train up our new staff on our standard of quality of food and services. 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 provide our managerial staff with various types of on-the-job training in relation to, among other things, restaurant cost control, complaints handling and human resources management.

**Work safety**

We are committed to providing a safe working environment to our employees. In order to minimise the risk of workplace accident, we have implemented internal work safety guidelines which our employees are required to follow. We provide our kitchen staff with safety equipment such as protective gloves and anti-slip shoes. In addition, we provide training to our employees on good practices and behaviour to enhance their awareness of work safety. We strive to improve our equipment and operational flow and take sufficient measures to ensure that there will be no recurrence of similar incident in the future.

If any work injury case happens, we will report it to our human resources department and handle it in accordance with the applicable labour laws and regulations. For the years ended 31 March 2019, 2020 and 2021, we recorded 70, 72 and 62 work injury cases, respectively. These cases were mainly caused by cutting or hitting by objects, hot liquid scalding, spraining and straining, and slipping and tripping. As at the Latest Practicable Date, (i) 176 of these cases had been fully settled; and (ii) 28 of these cases had not been fully settled and were being handled by the relevant insurance companies or pending further action by the injured employees. The total compensation paid by us as at the Latest Practicable Date in respect of these cases amounted to approximately HK\$4.9 million. Such compensation has been or is expected to be mostly covered by our insurance policies.

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### AWARDS AND RECOGNITION

The following table sets forth the awards and recognition obtained by us:

<u>Year of award/ recognition</u>	<u>Award/Recognition</u>	<u>Awarded/ Recognised by</u>	<u>Brand</u>
2011–2013	Bib Gourmand	Michelin Guide Hong Kong and Macau	SamGor (in respect of one of our SamGor restaurants)
2011–2020	U Favourite Food Awards — My Favourite Congee and Noodles Restaurant	U Magazine	TamJai (2020); SamGor (2011–2020)
2012, 2014, 2016 and 2019	Best-Ever Dining Awards — Best-Ever Congee and Noodles Restaurant	Weekend Weekly	TamJai (2019); SamGor (2012, 2014, 2016 and 2019)
2012, 2014–2016 and 2020	Best-Ever Dining Awards — Most Memorable Restaurant Gold Award	Weekend Weekly	TamJai (2015 and 2020); SamGor (2012, 2014 and 2016)
2014	Recommendation Restaurant	La Commanderie des Cordons Bleus de France and GHM	TamJai
2016	Recommendation Restaurant	GHM Cordons Bleus	TamJai
2014–2020	Caring Company	The Hong Kong Council of Social Service	TamJai (2014–2020); SamGor (2015–2019)
2015–2017	Consumer Caring Company	GS1 Hong Kong	SamGor
2015–2019	Quality Tourism Services accreditation	Hong Kong Tourism Board	TamJai
2015–2019	Hong Kong Star Brand Award — Enterprise Award	Hong Kong Small and Medium Enterprises Association	SamGor
2017–2020	Smiling Employer Award	Mystery Shopper Service Association	SamGor
2018	Market Leadership Award	Hong Kong Institute of Marketing	TamJai



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<u>Year of award/ recognition</u>	<u>Award/Recognition</u>	<u>Awarded/ Recognised by</u>	<u>Brand</u>
2018	Family-Friendly Employers Award Scheme — Awards for Breastfeeding Support	The Home Affairs Bureau and the Family Council	SamGor
2019	Deliveroo's Most Popular Dishes of 2019 — No. 7 around the world	Deliveroo	TamJai
2019	Deliveroo's Most Ordered Food Deliveries in 2019 — No. 1 in Hong Kong	Time Out Hong Kong	TamJai
2019	2019 Service & Courtesy Award — Top 10 Outstanding Service Retail Brands	Hong Kong Retail Management Association	SamGor
2019	Catering Industry Safety Award Scheme — Group Safety Performance Award (Silver Award)	The Labour Department and the Occupational Safety and Health Council	SamGor
2019	Marketing Excellence Award — Targeted Event (Silver Award)	Marketing Magazine	SamGor
2019–2020	Hong Kong Top Service Brand	Hong Kong Brand Development Council	TamJai (2020); SamGor (2019)
2019–2020	Hong Kong Famous Brands Award	Asia Brand Development Association	TamJai
2020	Manpower Developer Award	Employees Retraining Board	TamJai
2020	DigiZ Awards — (i) Best Video Campaign (Silver Award); and (ii) Best Creative Use of Influencer (Silver Award)	Marketing Magazine	TamJai

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<u>Year of award/ recognition</u>	<u>Award/Recognition</u>	<u>Awarded/ Recognised by</u>	<u>Brand</u>
2020	Marketing Excellence Awards — Excellence in KOL Partnership	Marketing Magazine	TamJai
2020	MARKies Awards — Best Idea — Influencer (Silver Award)	Marketing Magazine	TamJai
2020	Smiling Enterprise 5 years+ Award	Mystery Shopper Service Association	SamGor
2020	Smiling Staff Award	Mystery Shopper Service Association	SamGor
2020	Smiling Supervisor Award	Mystery Shopper Service Association	SamGor
2021	MARKies Awards — (i) Best of Show — Campaign; (ii) Best Idea — Customer Engagement (Gold Award); (iii) Best Idea — Design (Gold Award); (iv) Best Idea — Influencer (Gold Award); (v) Best Use of Influencer (Gold Award); (vi) Best Use of Social Media (Gold Award); (vii) Best Idea — Social Media (Silver Award); (viii) Best Use of Content (Silver Award); and (ix) Best Idea — Branded Content (Bronze Award)	Marketing Magazine	TamJai

### INTELLECTUAL PROPERTY

We believe that our brands are critical to the success of our business and our competitiveness. We recognise the importance of protecting and enforcing our intellectual property rights. We take appropriate steps to protect our intellectual property rights. Details of our intellectual property rights which we consider material to our business operation are more particularly set out under the paragraph headed “Statutory and general information — B. Information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus. We may take necessary legal action if any infringement of our Group’s trademarks and/or business names or any misappropriation of our Group’s intellectual property rights, brand names and/or goodwill is found. As at the Latest Practicable Date, we were not aware of any disputes or infringement of trademarks that resulted in any material adverse impact on our Group.

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### PROPERTIES

As at the Latest Practicable Date, we did not own any properties and all of the properties for our restaurants, central kitchens, warehouses and offices were leased or licensed to us. We believe this leasing strategy reduces our capital investment requirements and allows more flexibility for our restaurant network.

The following table sets forth the number of properties leased or licensed to us at the Latest Practicable Date and their locations and current or expected uses:

<u>Locations and current or expected uses</u>	<u>Number of properties</u>
<i>Hong Kong</i>	
Restaurant	157
Central kitchen	1
Warehouse	2
Office	<u>1</u>
<i>Mainland China</i>	
Restaurant	4
Office	1
Staff quarters	<u>3</u>
<i>Singapore</i>	
Restaurant	3
Central kitchen	1
Office	<u>1</u>
Total	<u><u>174</u></u>

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Set out below are the number and GFA of the leases and licences for our properties used or expected to be used as restaurants as at the Latest Practicable Date by their maturity profile:

	Expired as at the Latest Practicable Date	Will expire during the year ending 31 March				
		2022	2023	2024	2025	2026
<b>Number of lease or licence</b>						
Hong Kong	4	20	60	47	24	3
Mainland China	—	—	—	1	2	1
Singapore	—	—	—	3	—	—
<b>Total</b>	<u>4<sup>(Note)</sup></u>	<u>20<sup>(Note)</sup></u>	<u>60</u>	<u>51</u>	<u>26</u>	<u>4</u>
<b>GFA (sq.ft.)</b>						
Hong Kong	6,275	35,804	97,337	89,514	37,670	5,095
Mainland China	—	—	—	1,206	2,686	2,064
Singapore	—	—	—	5,269	—	—
<b>Total</b>	<u>6,275</u>	<u>35,804</u>	<u>97,337</u>	<u>95,988</u>	<u>40,356</u>	<u>7,159</u>

*Note:* The revenue from the restaurants relating to these 24 leases amounted to HK\$333.9 million for the year ended 31 March 2021. As at the Latest Practicable Date, among these 24 leases, (i) 22 had expired or will expire in the next six months, of which three had been renewed; and (ii) we were negotiating with the respective landlords in respect of 21 leases.

As at 31 July 2021, the outstanding lease liabilities for our leases and licences which had commenced for our restaurants amounted to HK\$504.0 million.

Our depreciation of right-of-use assets, rental and related expenses and interest on lease liabilities in aggregate (the “**leased properties expenses**”) amounted to HK\$293.3 million, HK\$331.1 million and HK\$374.4 million, representing 18.8%, 19.6% and 20.9% of our total revenue for the years ended 31 March 2019, 2020 and 2021, respectively.

Based on our existing leases and licences which had commenced as at the Latest Practicable Date, the fixed property rentals that we will incur for the years ending 31 March 2022, 2023 and 2024 are expected to be HK\$326.3 million, HK\$230.8 million and HK\$101.1 million, respectively.

Our leases in Hong Kong, Mainland China and Singapore typically have an initial term of three years, subject to any option to renew. The lease terms of our restaurants as at the Latest Practicable Date ranged from approximately one year to six years, with the average being approximately three years. The lease term of our central kitchens in Hong Kong and Singapore as at the Latest Practicable Date was four years and two years, respectively. As at the Latest Practicable Date, 103 of our restaurant leases or licence provided for a base rent and an additional turnover rent and 62 of our restaurant leases provided for a fixed rent. The turnover rent of these 103 restaurant leases or licence are mostly calculated based on a certain percentage (ranging from 8% to 22% with the average being approximately 10.2%) of the monthly revenue of the relevant restaurant and are only

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payable if and to the extent that such amount exceeds the base rent. For the years ended 31 March 2019, 2020 and 2021, our turnover rent (before rent concession) amounted to HK\$5.7 million, HK\$6.4 million and HK\$3.9 million, representing 2.0%, 2.0% and 1.0% of our lease properties expenses, respectively.

Following our lease renewal policy, we keep track of the expiry dates of all our leases. Leases that will expire within one year will be identified, and their financial data analysis reports, market rent comparables and latest restaurant conditions will be assessed. If we intend to renew the relevant lease, we will negotiate with the landlord regarding the terms and conditions of the tenancy. If we do not intend to renew the relevant lease, or if the terms and conditions for renewal are not acceptable to us, we will explore the possibility of relocating to a nearby restaurant site.

Save for certain leases which the landlords declined to renew due to their plan to renovate or rebuild the properties or to take back the properties for self-use, we had not encountered any material difficulties in the renewal of our leases during the Track Record Period.

As at the Latest Practicable Date, the lease agreements with respect to five of our leased properties in Mainland China had not been registered and filed with the relevant land and real estate administration bureaus in Mainland China because the relevant lessors failed to provide necessary documents for us to register the lease agreements with the local government authorities, which were beyond our control. As advised by our PRC legal advisers, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant authorities may require us to complete the lease registrations within a specified timeframe and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement. Considering that (i) we had not been penalised by or received any notice from any authorities with respect to potential penalties or enforcement actions as a result of our failure to complete the registration and filing of such lease agreements as at the Latest Practicable Date; and (ii) the amount of potential penalties is insignificant as compared to our revenue during the Track Record Period, our Directors are of the view that these incidents would not have any material impact on our business, financial position and results of operations.

## LICENCES

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to obtain various licences in order to operate our business. Please refer to the section headed “Regulatory overview” in this prospectus for details.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licences that are material to our business operation from the relevant government authorities. All of our licences are valid for a fixed period of time and subject to renewal upon expiry. The licences for our business operation in Hong Kong and Singapore are mainly subject to renewal every year. The licences for our business operation in Mainland China are mainly subject to renewal every five years. Our Directors do not expect any impediment in the renewal of our licences.

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Set out below is a summary of the licences which we had obtained for operating our restaurants as at the Latest Practicable Date:

<b>Type of licences</b>	<b>Number of licences</b>
<b><i>Hong Kong</i></b> <i>(Note 1)</i>	
General restaurant licence or provisional general restaurant licence <i>(Note 2)</i>	122
Light refreshment restaurant licence <i>(Note 3)</i>	27
Food factory licence <i>(Note 4)</i>	10
Water pollution control licence <i>(Note 5)</i>	143
<b><i>Mainland China</i></b>	
Food operation licence <i>(Note 6)</i>	3
Fire safety inspection approval for public assembly place	3
<b><i>Singapore</i></b>	
Licence to operate a foodshop (Restaurant)	3
Licence to operate a food establishment (Central kitchen for preparation of food)	1
Fire safety certificate	4
Licence for import, export and transshipment of meat products and fish products	1
Registration to import processed food products and food appliances	1
Liquor licence	3

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*Notes:*

1. None of our restaurants in Hong Kong had sold alcoholic drinks during the Track Record Period and up to the Latest Practicable Date and thus none of them is required to obtain any liquor licence. As at the Latest Practicable Date, we had submitted application for a liquor licence for one of our restaurants in Hong Kong, which is expected to sell alcoholic drinks after obtaining the liquor licence. In the future, our other restaurants in Hong Kong may sell alcoholic drinks and will obtain the necessary liquor licences as required by the applicable laws and regulations.
  
2. As at the Latest Practicable Date, eight restaurants held provisional general restaurant licences and we will apply for general restaurant licences upon fulfillment of the conditions for the FEHD to grant general restaurant licenses for these restaurants.
  
3. The general restaurant licence permits the licensee to prepare and sell any kind of food for consumption on the premises, whereas the light refreshment restaurant licence restricts the licensee to prepare and sell for consumption on the premises certain kinds of the food items as set out in Appendix B to “A Guide To Application For Restaurant Licences” (August 2021 Edition) published by the FEHD. As at the Latest Practicable Date, 27 of our restaurants had obtained light refreshment restaurant licences instead of general restaurant licences primarily because the relevant restaurant premises meet the requirements for obtaining light refreshment restaurant licences, which are less stringent than those for general restaurant licences in terms of the minimum area for food room (i.e. kitchen, food preparation room and scullery). Taking into account (i) the FEHD did not raise any objection to the menu items submitted during the applications of the 27 light refreshment restaurant licences and the menus of all the 27 restaurants holding the relevant light refreshment restaurant licences are similar as confirmed by our Directors; (ii) no notifications from the FEHD were received by such restaurants of any breach of the requirements of such restaurants regarding the permitted range of food items during the Track Record Period and up to the Latest Practicable Date; (iii) our Directors confirmed that such restaurants had complied with the above requirements; and (iv) there was no contrary evidence showing that there is a breach of the above requirements, the Legal Counsel is of the view that all the 27 restaurants holding

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the relevant light refreshment restaurant licences had complied with the requirements regarding the permitted range of food items under their light refreshment restaurant licences during the Track Record Period and up to the Latest Practicable Date.

4. Eight of these food factory licences were obtained for the eight respective floors of our central kitchen in Hong Kong. One food factory licence was obtained for our previous central kitchen in Hong Kong, which had not expired as at the Latest Practicable Date. The remaining food factory licence was obtained for one of our restaurants which is located in a food court and requires a food factory licence instead of a general restaurant licence or a light refreshment restaurant licence.
5. As at the Latest Practicable Date, we had obtained water pollution control licences for 143 restaurants in Hong Kong, had submitted four applications for water pollution control licences to the Environmental Protection Department and were pending to submit the applications for water pollution control licences for the remaining three newly opened restaurants in July and August 2021 once the first water bills are received by us. Regarding the four restaurants which had submitted applications for water pollution control licences to the Environmental Protection Department, demand notes were pending to be issued by the Environment Protection Department. Our Directors are of the view that there will be no major obstacles to obtain these seven licences given that (i) we have not been notified of any refusal to grant any of these licences; and (ii) to the best knowledge of our Directors, we are not aware of any circumstances which might lead to the refusal to grant any of these licences. As advised by the Legal Counsel, (i) the absence of water pollution control licences does not constitute any offence for the three newly opened restaurants of which applications for water pollution control licences had not been submitted to the Environmental Protection Department as at the Latest Practicable Date; and (ii) the absence of water pollution control licences does not constitute any offence for the four restaurants of which applications for water pollution control licences had been submitted to the Environmental Protection Department as at the Latest Practicable Date by virtue of section 12(1)(a)(i) of the WPCO since (i) we had made applications for water pollution control licences for these restaurants and the prescribed application fees had been paid when required (or, as the case may be, no application fee demand note had been issued yet); and (ii) we have not been notified of any refusal to grant the water pollution control licences. As such, the Legal Counsel is of the view that no penalty will be imposed on us.
6. As advised by our PRC legal advisers, our restaurant in Mainland China is permitted to sell liquor (excluding homebrew liquor) under the food operation licence held by it.

## LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. As at the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse impact on our business, financial condition or results of operation.

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### COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save for the non-compliance incidents disclosed below, we had complied with the applicable laws and regulations in the jurisdictions in which we operate in all material respects.

<u>Non-compliance incidents</u>	<u>Reason for the non-compliance incidents</u>	<u>Legal consequences and maximum potential penalty</u>	<u>Remedial actions taken</u>	<u>Enhanced internal control measures</u>
<p>We failed to file the notifications of establishment of a notifiable workplace with the Labour Department in respect of 138 restaurants within the prescribed time limit, in breach of section 9 of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong).</p>	<p>The non-compliance incidents were due to our staff's misunderstanding of the relevant legal requirements.</p>	<p>The maximum penalty is a fine of HK\$10,000 for each offence.</p> <p>In respect of two of these non-compliance incidents, we were fined for HK\$3,000 in total in 2020 and we had fully paid such fine.</p> <p>In respect of 12 other non-compliance incidents, the relevant restaurants had ceased operation as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not been prosecuted or penalised for such 12 non-compliance incidents. As advised by the Legal Counsel, taking into account the fact that the relevant restaurants had ceased operation and the huge difficulties for the prosecution to discharge the burden of proof, it is highly unlikely that we would be prosecuted and that even if we are prosecuted and convicted, it is highly unlikely that the maximum penalty would be imposed as the imposition of the maximum penalty or a penalty amount close to that end is a ground of appeal on sentence for being "manifestly excessive" while mechanical calculation of daily fine would be against the sentencing principle of "totality".</p> <p>In respect of 124 other non-compliance incidents, the relevant restaurants were still in operation as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not been prosecuted or penalised for such non-compliance incidents. As advised by the Legal Counsel, such non-compliance incidents had been time-barred from prosecution as at the Latest Practicable Date.</p>	<p>As at the Latest Practicable Date, we had rectified the non-compliance incidents by filing the relevant notifications with the Labour Department in respect of all the relevant restaurants except for those that had ceased operation.</p>	<p>Since we became aware of such non-compliance incidents, we have designated our administration staff for managing the filing of the notifications and established control lists to ensure proper filing. Our administration staff report to, among others, our assistant general managers of Jointed-Heart and Vennic, who are responsible for overseeing the overall operations of restaurants under TamJai and SamGor, respectively. For details about the biographical information of Mr. Wu Ka Fai, our assistant general manager of Jointed-Heart, please refer to the section headed "Directors and senior management" in this prospectus.</p>



### INTERNAL CONTROL AND CORPORATE GOVERNANCE

Our Directors and senior management are responsible for the formulation of and overseeing the implementation and effectiveness of our internal control and risk management systems, which are designed to ensure our ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and/or corporate governance, and to prevent any recurrence of any incidents of non-compliance. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. We will adopt or have adopted the following internal control measures:

- (i) we have established an audit committee which comprises all our independent non-executive Directors with written terms of reference in accordance with Appendix 14 of the Listing Rules. The primary duties of the audit committee include, among other things, overseeing our financial reporting, internal control and risk management systems, and ensuring the compliance of our financial reporting with the Listing Rules and relevant legal requirements;
- (ii) we will appoint China Tonghai Capital Limited as our compliance adviser with effect from the Listing Date to advise us on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong; and
- (iii) our Directors have attended trainings provided by our legal advisers as to Hong Kong law on the ongoing obligations, duties and responsibilities of being a director of a publicly listed company under the Companies Ordinance and the Listing Rules.

In preparation for the Listing, we engaged an independent internal control consultant (the “**Internal Control Consultant**”) to conduct internal control reviews of our Group between 12 October 2020 and 13 November 2020, between 11 January 2021 and 5 February 2021 and between 1 March 2021 and 12 March 2021. The Internal Control Consultant provided us with a number of findings and recommendations, to which we have subsequently taken remedial actions in response. The major recommendations that we have adopted include, among others, the following:

- (i) we have adopted written policies and procedures to formalise and enhance certain aspects of our operation;
- (ii) we have established a checklist to monitor the status of our restaurants’ licences, designated different teams for managing the application and renewal of our restaurants’ licences, and appointed an external licensing consultant to coordinate the submission of the licence applications; and
- (iii) we have formalised and enhanced our suppliers’ performance evaluation mechanism.

The Internal Control Consultant performed follow-up review between 7 December 2020 and 18 December 2020, between 1 March 2021 and 12 March 2021 and between 29 March 2021 to 9 April 2021 and noted that our Group had adopted all the applicable internal control measures and policies recommended by the Internal Control Consultant and did not have any significant deficiencies in our internal control system as at the Latest Practicable Date.

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In addition, to ensure the privacy and security of customer data, we will adopt or have adopted the following internal control measures:

- (i) we have implemented a personal data protection policy under which we will collect, handle and use customer data in accordance with the six data protection principles as prescribed under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), which cover (i) purpose and manner of collection of personal data; (ii) accuracy and duration of retention of personal data; (iii) use of personal data; (iv) security of personal data; (v) information to be generally available; and (vi) access to personal data. For example, we will only collect customer data in a lawful and fair manner and on a necessary and adequate but not excessive basis;
- (ii) we have appointed data protection officers, who report to our legal department, to ensure compliance with the our personal data protection policy;
- (iii) we will regularly arrange training for our staff to enhance their understanding of the legal requirements related to data privacy;
- (iv) our CRM system will be protected by login account and password. Only certain authorised staff will be granted access to the CRM system on a strictly need-to-know basis;
- (v) our staff will be prohibited to store any data of the CRM system in any format of external hard disk or transfer such data out of the designated work place in any format, including but not limited to hard copies, fax, email and storage device; and
- (vi) vendors of the CRM system will be required to sign non-disclosure agreements which prohibit improper use or disclosure of customer data.

During the Track Record Period, we had been attacked by ransomware, which had resulted in our headquarters' office not being able to access some shared folders on the servers. We temporarily suspended internet access to prevent further spreading of the ransomware. After removing the ransomware and fixing the accessibility issue, our operations resumed normal in around two days. Such incident did not result in any material interruption in our operations or any material loss. To prevent recurrence of similar cyberattacks, we have (i) updated our anti-virus software; (ii) implemented a new firewall security solution; and (iii) adopted a set of best practices for our staff to follow when handling emails and browsing the internet.

Taking into account the facts and circumstances leading to the non-compliance incidents as disclosed in the paragraph headed “— Compliance” in this section, the remedial actions taken and the enhanced internal control measures implemented, our Directors are of the view, and the Sole Sponsor concurs, that (i) our internal control system is adequate and effective; and (ii) such non-compliance incidents will not affect the suitability of our Directors under Rule 3.08 and 3.09 of the Listing Rules or the suitability of our Company for listing under Rule 8.04 of the Listing Rules.

**INSURANCE**

We maintain insurance policies in respect of, among others, (i) property all risks insurance; (ii) employees' compensation insurance; (iii) public liability insurance (which covers legal liability arising out of any claim made in respect of food and drinks poisoning); (iv) shop and office contents insurance; (v) business interruption insurance; (vi) loss of money insurance; (vii) glass breakage and neon sign damage insurance; (viii) electronic equipment insurance for computers; and (ix) car insurance.

According to Euromonitor, it is common for restaurant operators to maintain public liability insurance which covers, among other things, legal liability arising out of claims made in respect of food and drinks poisoning. Our Directors are of the view that our insurance coverage is adequate and customary for businesses of our size and type and in line with the standard industry practice in the jurisdictions in which we operate.

For more information, please refer to the section headed "Risk factors — Risks relating to our business — Our insurance policies may not provide adequate coverage for all claims associated with our business operations".

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE****Our governance**

To effectively manage environmental, social, governance and climate-related (collectively, "ESG") issues, our Board has established an ESG committee, which comprises our chief executive officer, chief financial officer and other key members of our management. Our ESG committee is primarily responsible for supporting our Board in formulating ESG policy and strategies, monitoring ESG issues, reviewing and evaluating sustainability performance, setting metrics and targets, preparing ESG report and making recommendations to our Board. We have also established an ESG working group, comprising representatives from our various departments (e.g. finance, human resources, administration, design, information technology, quality assurance and business development), to assist our Board and our ESG committee to execute the ESG strategies.

We will adopt a set of ESG policies based on the applicable laws and regulations, which set forth our internal policies and measures in respect of, among other things, environmental protection, labour protection, food safety, corporate governance and code of ethics upon Listing.

**Impact of ESG risks and opportunities**

We have identified the following ESG risks and opportunities which may have an impact on our business, strategy or financial performance:

- (i) There is an increasing consumer preference for online delivery service and change in dining habit since the outbreak of COVID-19. As a result, our takeaway and delivery orders have increased during the Track Record Period and are expected to continue to increase, which may increase our cost of packaging materials. As we are gradually switching to more environmental friendly packaging materials, which are generally more costly, our cost of packaging materials may also increase as a result. For details, please refer to the paragraph headed "— Identification, assessment, management and mitigation of ESG risks" below in this section.

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- (ii) Typhoons, storms, flooding and other severe weather conditions may become more frequent, which may cause physical damage to our restaurants, central kitchens or offices, pose risks to the safety of our staff, affect the stability of supply of certain food ingredients, such as vegetables, and affect the customer traffic of our restaurants. On the other hand, hot weather may become more frequent, which may drive the demand of iced drinks.
- (iii) As the environmental awareness of the public enhances, more consumers may switch to a sustainable eating habit. This may affect the popularity, price and availability of various food ingredients, which may result in a positive or negative impact on our business and financial performance.
- (iv) We are subject to certain environmental requirements pursuant to the laws and regulations in the jurisdictions in which we operate. For details, please refer to the section headed “Regulatory overview — Hong Kong laws and regulations — Laws and regulations on environmental protection” in this prospectus. Regulators may impose more stringent environmental requirements on us. For example, we may have to switch to more energy efficient lighting and operating equipment and adopt measures to reduce emission of air, water and solid pollutants, all of which may increase our operating costs. For the years ended 31 March 2019, 2020 and 2021, we incurred approximately HK\$0.2 million, HK\$0.2 million and HK\$0.3 million, respectively, as cost attributable to compliance with the applicable environmental laws and regulations. We expect that our annual cost of compliance with the applicable environmental laws and regulations for the year ending 31 March 2022 will be approximately HK\$0.3 million.

### Identification, assessment, management and mitigation of ESG risks

We have adopted the following measures to identify, assess, manage and mitigate ESG risks:

- (i) We have engaged Greenco ESG Advisory Limited (the “**ESG Consultant**”), which is an ESG consultancy company incorporated in Hong Kong, to provide us with advice on ESG issues and support our Board and our ESG committee in identifying and assessing potential ESG risks.
- (ii) The ESG Consultant has organised training workshop to enhance our management’s understanding of ESG issues.
- (iii) We have implemented arrangements in the event of severe weather conditions to ensure the safety of our staff and prevent disruption to our restaurant operations.

We are committed to environmental protection and have taken various measures to contribute to environmental protection, including but not limited to the following:

- (i) using more environmental friendly packaging materials, such as biodegradable plastic containers and utensils and paper straws;
- (ii) no disposable utensils will be provided for takeaways upon request by customers;
- (iii) introducing a menu option to choose smaller portion of mixian and offering discount for that so as to encourage customers to avoid food waste; and

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- (iv) participating the Food Wise Eateries Scheme, which is organised by the Hong Kong government to promote reduction in food waste.

The packaging materials we use for takeaways generally include plastic bags, plastic containers, plastic utensils, chopsticks and paper straws. We are gradually switching to biodegradable and recyclable packaging materials. For the years ended 31 March 2019, 2020 and 2021, our cost of packaging materials amounted to approximately HK\$14.3 million, HK\$19.6 million and HK\$36.8 million, of which biodegradable and recyclable packaging materials accounted for approximately nil, HK\$0.2 million and HK\$12.2 million, representing approximately nil, 0.9% and 33.2%, respectively.

### Metrics and targets

We use the following metrics to assess and manage ESG risks:

- (i) GHG emissions;
- (ii) Air pollutants emissions;
- (iii) Energy consumption;
- (iv) Amount of food residue and recycling; and
- (v) Amount of waste oil and recycling.

Our current target is to gradually adopt more environmental-friendly measures and reduce unnecessary emissions, energy consumption and/or wastage in the course of our business. Our ESG committee will compile statistics and conduct research for setting appropriate targets for our Group in the future.

### Greenhouse gas emissions (“GHG emissions”)

GHG emissions are produced by us mainly due to the use of electricity and consumption of other energy sources during our daily operations. For the year ended 31 March 2021, the amounts of GHG emissions produced by us were as follows:

	<b>Amount (Tonnes of CO<sub>2</sub> equivalent)</b>	<b>Intensity (Amount per HK\$ million revenue) <sup>(Note 4)</sup></b>
Scope 1 (direct emissions) <sup>(Note 1)</sup>	17,247.21	9.61
Scope 2 (energy indirect emissions) <sup>(Note 2)</sup>	25,683.45	14.31
Scope 3 (other indirect emissions) <sup>(Note 3)</sup>	277.12	0.15
Total	43,207.78	24.07

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*Notes:*

1. Our scope 1 (direct emissions) included only the consumption of diesel in motor vehicles and town gas used during daily operations.
2. Our scope 2 (energy indirect emissions) included only the electricity consumption and the town gas purchased.
3. Our scope 3 (other indirect emissions) included other indirect emissions from the electricity used for processing fresh water and sewage by government departments.
4. “Intensity” represents the amount per HK\$1 million of revenue generated by our Group for the year ended 31 March 2021. Based on our Group’s revenue of approximately HK\$1,795 million for the year ended 31 March 2021, the “Intensity” is calculated by dividing the amount by 1,795.

We intend to reduce the intensity level of our GHG emissions over the next three years. In order to minimise or offset our GHG emissions, we have implemented or will continue to implement the following measures:

- (i) encouraging our staff to use of internet to minimise the frequency of and dependence on business travels;
- (ii) encouraging our staff to take public transport instead of driving private cars; and
- (iii) participating in and encouraging our staff to participate in green activities such as tree planting.

### *Air pollutants emissions*

Air pollutants emissions are mainly generated from our cooking and food preparation procedures. For the year ended 31 March 2021, based on the pollutants generated from the town gas consumed in our restaurants and central kitchen in Hong Kong and exhaust gas from the vehicles used by us, the amounts of air pollutants emissions produced by us were as follows:

	<b>Amount (Kilogrammes)</b>	<b>Intensity (Amount per HK\$ million revenue) <sup>(Note 2)</sup></b>
SO <sub>x</sub> <sup>(Note 1)</sup>	7.31	0.00407
NO <sub>x</sub> <sup>(Note 1)</sup>	2,064.85	1.15
Particulate matter <sup>(Note 1)</sup>	77.17	0.04

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*Notes:*

1. Our air pollutants emissions included only the pollutants from vehicles used for transportation and the town gas consumed in our restaurants and central kitchen in Hong Kong.
2. “Intensity” represents the amount per HK\$1 million of revenue generated by our Group for the year ended 31 March 2021. Based on our Group’s revenue of approximately HK\$1,795 million for the year ended 31 March 2021, the “Intensity” is calculated by dividing the amount by 1,795.

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We intend to reduce the intensity level of our air pollutants emissions over the next three years. In order to minimise air pollutants emissions, we have implemented or will continue to implement the following measures:

- (i) installing effective gas exhaust systems in our restaurants and central kitchens;
- (ii) installing electrostatic precipitators in our restaurants to capture the oil particles in the exhaust gas;
- (iii) optimising exhaust hoods with properly sized fans and installing hydro-vent hoods so as to enhance the extraction efficiency;
- (iv) using electrical induction cookers to reduce the consumption of fossil fuels; and
- (v) adopting eco-friendly refrigerants in the split-type air-conditioning units.

### *Energy consumption*

We consume electricity, diesel and town gas during our daily operations. For the year ended 31 March 2021, the amounts of our energy consumption were as follows:

	<u>Amount</u>	<u>Intensity (Amount per HK\$ million revenue)</u> <i>(Note 4)</i>
Electricity	34,203,700 kilo-watt-hours <i>(Note 1)</i>	19,054.99
Diesel	54,730.28 litres <i>(Note 2)</i>	30.49
Town gas	6,699,463.27 units <i>(Note 3)</i>	3,732.29

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#### *Notes:*

1. One kilo-watt-hour has an energy content of 3.6 megajoules.
2. One litre of diesel has an energy content of approximately 38.53 megajoules.
3. One unit of town gas has an energy content of approximately 48 megajoules.
4. “Intensity” represents the amount per HK\$1 million of revenue generated by our Group for the year ended 31 March 2021. Based on our Group’s revenue of approximately HK\$1,795 million for the year ended 31 March 2021, the “Intensity” is calculated by dividing the amount by 1,795.

We intend to reduce the intensity level of our energy consumption over the next three years. In order to minimise our energy consumption, we have implemented or will continue to implement the following measures:

- (i) switching off all idling lights, air-conditioning systems and other electrical appliances;
- (ii) reminding our staff of the importance of energy conservation;
- (iii) cleaning and maintaining the electrical appliances regularly to ensure that they are running at optimal conditions with highest energy efficiency;

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- (iv) using more efficient LED light bulbs and tubes to replace energy-intensive lightings;
- (v) encouraging the utilisation of natural sunlight to reduce artificial lighting in the office;
- (vi) purchasing equipment and machinery with “Energy-Efficiency” labels;
- (vii) adopting variable-refrigerant-volume air-conditioning systems to save energy;
- (viii) programming the regional lighting and air-conditioning control system in our restaurants to adjust the usage according to occupied rates; and
- (ix) reviewing our energy policies and systems on a regular basis.

### *Amount of food residue and recycling*

Food residue is produced during our food preparation procedures. For the year ended 31 March 2021, the amount of food residue generated from our food preparation procedures was as follows:

	<u>Amount (Tonnes)</u>	<u>Intensity (Amount per HK\$ million revenue)</u> <i>(Note 2)</i>
Food residue <i>(Note 1)</i>	48.00	0.03

We intend to reduce the intensity level of our food residue over the next three years. In order to minimise food waste, we have implemented or will implement the following measures:

- (i) posting clear guidance on food preparation procedures in the central kitchen to remind our staff to minimise food residue;
- (ii) joining the campaign “Food Wise Hong Kong” held by the Environmental Protection Department, aiming to encourage our customers to reduce food waste and promote the awareness of “saving food”; and
- (iii) donating surplus food ingredients to Food Angel, a charity that turns edible surplus food ingredients into nutritious meals for the needy.

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#### *Notes:*

1. Our food residue included only the food waste generated by our central kitchen in Hong Kong.
2. “Intensity” represents the amount per HK\$1 million of revenue generated by our Group for the year ended 31 March 2021. Based on our Group’s revenue of approximately HK\$1,795 million for the year ended 31 March 2021, the “Intensity” is calculated by dividing the amount by 1,795.



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### *Amount of waste oil and recycling*

Waste oil is produced during our food preparation procedures. For the year ended 31 March 2021, the amounts of our waste oil and recycled waste oil were as follows:

	<u>Amount (Litres)</u>	<u>Intensity (Amount per HK\$ million revenue) <sup>(Note 2)</sup></u>
Waste oil <sup>(Note 1)</sup>	144,000.00	80.22
Recycled waste oil <sup>(Note 1)</sup>	144,000.00	80.22

In order to minimise the impact of our waste oil on the environment, we have implemented or will continue to implement the following measures:

- (i) giving instructions to our staff about proper handling of waste oil;
- (ii) installing grease interceptors at the sinks for filtering wastewater before it is discharged into the sewage pipes;
- (iii) cleaning grease traps regularly to prevent excessive grease from being discharged into the main drainage system; and
- (iv) engaging professional third-party waste oil collection companies to collect waste oil for further treatment.

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*Notes:*

1. Our waste oil included only the waste oil generated by our central kitchen in Hong Kong.
2. “Intensity” represents the amount per HK\$1 million of revenue generated by our Group for the year ended 31 March 2021. Based on our Group’s revenue of approximately HK\$1,795 million for the year ended 31 March 2021, the “Intensity” is calculated by dividing the amount by 1,795.

### **Corporate social responsibilities**

One of our core values is to give back to the society. Our social and community sustainability efforts primarily focus on, among others, care for the community, children and youth development, and advocacy for creativity. Set out below are highlights of the efforts we have made in contributing to the community as a socially responsible company.

*Charitable activities*

We have collaborated with various charities and non-governmental organisations in designing and organising activities for charitable purposes. For example, in 2020, we invited 18 local artists in Hong Kong to design a collection of TamJai-themed umbrellas (the “TamJai Jeh Jeh Campaign” (譚仔遮遮活動)) for charity sale to raise money for Heep Hong Society in order to support children with special educational needs. In promoting and supporting the local handcraft design artists and creative industry, we have sponsored the LIFE Mart in 2019 and 2021. We also care for the underprivileged. In 2020, we partnered with St. James’ Settlement to provide free mixians to people in need. In 2020, our employee volunteers participated in the production of a batch of hand sanitizers, which were donated to Dialogue in the Dark for helping visually impaired people to fight the pandemic. In the future, we will continue to look for opportunities to participate in more charitable activities.

The Tamjai Jeh Jeh Campaign has been awarded the top distinction of “Best of Show — Campaign” together with five Gold, two Silver and one Bronze awards, namely Best Idea — Customer Engagement (Gold Award), Best Idea — Design (Gold Award), Best Idea — Influencer (Gold Award), Best Use of Influencer (Gold Award), Best Use of Social Media (Gold Award), Best Idea — Social Media (Silver Award), Best Use of Content (Silver Award) and Best Idea — Branded Content (Bronze Award), in the MARKies Awards 2021. The MARKies Awards is an annual event organised by Marketing Magazine, a marketing publication, to acknowledge the most innovative, creative and effective marketing campaigns and initiatives of the year in Hong Kong. We are honoured to be recognised by industry experts. It demonstrates that our marketing campaigns have been innovative and effective. We value our corporate image as a socially responsible company and believe that our corporate values go beyond brand building and profit making but also embrace the idea of how we can be responsible to the community.

In 2021, we set up a trust fund for the purposes of, among other things, (i) advancement of environmental protection; (ii) promotion and support of the United Nations’ sustainable development goals; (iii) provision of sponsorships and support for our customer care and benefit programmes; (iv) provision of financial assistance to our employees to support their immediate needs in the case of critical or other significant illness or incapacity; and (vi) provision of donations to charities or non-profitable organisations. The trust fund aims to provide regular funding to support our participation in charitable activities related to the abovementioned purposes. Our Board is responsible for overseeing the operation of the trust fund and approving proposals from our ESG committee about funding suitable ESG activities.

*Employees’ children scholarship*

We consider employees as important members of our Group as a large family. We understand that children’s tertiary education may impose heavy financial burden on our employees. In order to provide support to our employees and to promote fair education, we have established an employees’ children scholarship fund to provide financial assistance to the children of our qualified employees for undertaking an undergraduate degree in Hong Kong. For the years ended 31 March 2019, 2020 and 2021, our employees’ children scholarship fund had benefited 15, 18 and 19 employees by granting a total of HK\$0.4 million, HK\$0.5 million and HK\$0.6 million, respectively.

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## BUSINESS

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### COMPETITION

Details of our competitive strengths are set out in the paragraph headed “— Our competitive strengths” in this section.

For further information on the industry in which we operate, please refer to the section headed “Industry overview” in this prospectus.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Immediately upon completion of the Global Offering (without taking into account any Shares which may be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme and assuming the Over-allotment Option is not exercised), Toridoll HK, which is wholly owned by Toridoll Japan, will directly hold approximately 74.63% of the issued share capital of our Company. As at the Latest Practicable Date, Mr. Awata (in his personal capacity and via T&T and SMBC Bank), together with his spouse, Mrs. Awata (via T&T and SMBC Bank), controlled approximately 48.57% of the issued share capital of Toridoll Japan. T&T is a company established in Japan and controlled as to 40% by Mr. Awata and 40% by Mrs. Awata. SMBC Bank is the entrusted bank which holds shares in Toridoll Japan for and on behalf of Mr. Awata, Mrs. Awata and T&T. Accordingly, each of Toridoll HK, Toridoll Japan, Mr. Awata, Mrs. Awata and T&T will be regarded as our Controlling Shareholders within the meaning of the Listing Rules upon Listing.

Toridoll HK is a company incorporated in Hong Kong and is principally engaged in the business of managing and operating restaurant chains. Toridoll HK is a direct wholly-owned subsidiary of Toridoll Japan, which is a company listed on the Tokyo Stock Exchange (stock code: 3397). Toridoll Japan, together with its subsidiaries, is a renowned multi-brand restaurants group which also operates the largest global udon chain “Marugame Seimen”. T&T is an investment holding company.

Mr. Awata has over 36 years of experience in food and beverage industry. Mr. Awata is currently serving as the president and chief executive officer of Toridoll Japan and a director of Toridoll HK, respectively. Mr. Awata and Mrs. Awata as our Controlling Shareholders, have entrusted the management and operations of our Company to our independent, experienced and professional management team in order to allow us to operate our own business independently from our Controlling Shareholders. Therefore, each of Mr. Awata and Mrs. Awata is currently not a Director or senior management member of our Group.

### DELINEATION OF BUSINESS

Our Group is principally engaged in the operation of restaurants under two self-owned brands, TamJai and SamGor specialising in mixian in Hong Kong, Mainland China and Singapore.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders confirmed that as at the Latest Practicable Date, apart from the interest in our Group, our Controlling Shareholders and/or their respective close associates were interested in other companies which operate restaurants chains under various brands in different countries (collectively, the “**Excluded Businesses**”). The table below sets forth the details of the restaurant chains under the Excluded Businesses as at the Latest Practicable Date:

<u>Brand name of the restaurant chain</u>	<u>Place(s) of operation</u>	<u>Percentage shareholding held by our Controlling Shareholders and/ or their respective close associates</u>	<u>Entity holding the interests directly or indirectly</u>	<u>Type of cuisine offered by the restaurant chain operated</u>
“Marugame Seimen”	Hong Kong and Mainland China	37%	Toridoll HK	Japanese Sanuki udon noodles
	Japan and United Kingdom	100%	Toridoll Japan	Japanese Sanuki udon noodles
	Cambodia	65%	Toridoll HK	Japanese Sanuki udon noodles
	Thailand	40%	Toridoll HK	Japanese Sanuki udon noodles
	Taiwan	100%	Toridoll HK	Japanese Sanuki udon noodles
	U.S., Philippines, Indonesia, Vietnam, Russia and Guam	83% 100% <i>(Note 1)</i>	Toridoll Japan Toridoll Japan	Japanese Sanuki udon noodles Japanese Sanuki udon noodles
“Hakatanmaru”	Hong Kong	37%	Toridoll HK	Japanese “tonkotsu” (pork bone broth) ramen noodles
	Japan	100%	Toridoll Japan	Japanese “tonkotsu” (pork bone broth) ramen noodles
“Monster Curry” and “Monster Planet”	Singapore	70%	Toridoll Japan	Japanese curry
“Marumotoya”	Mainland China	37%	Toridoll HK	Japanese style hotpot
“Kobe Stamina Curry”	Japan	100%	Toridoll Japan	Japanese curry
“Toridoll Yakitori”	Japan	100%	Toridoll Japan	Japanese “yakitori” (grilled chicken barbeque skewers)
“Kona’s Coffee”	Japan	100%	Toridoll Japan	Hawaiian-style café
“Makino” and “Ten-don Makino”	Japan	100%	Toridoll Japan	Japanese “tempura” (deep fried cuisine) and “ten-don” (tempura rice bowl)
“Futaba-seimen” and “Ibuki-udon”	Japan	100%	Toridoll Japan	Japanese Sanuki udon noodles
“Nagata Honjo-ken”	Japan	100%	Toridoll Japan	Japanese “yakisoba” (fried noodles)
“Maruki-soba”	Japan	100%	Toridoll Japan	Japanese soba (buckwheat) noodles
“Marushoya” and “Men-ya Oba”	Japan	100%	Toridoll Japan	Japanese “shoyu” (soy sauce broth) ramen noodles
“Tonichi”	Japan	100%	Toridoll Japan	Japanese “katsu-don” (pork cutlets over rice) and “ton-teki” (pork steak)

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Brand name of the restaurant chain	Place(s) of operation	Percentage shareholding held by our Controlling Shareholders and/ or their respective close associates	Entity holding the interests directly or indirectly	Type of cuisine offered by the restaurant chain operated
“Niku no Yamaki Shoten”	Japan	100%	Toridoll Japan	Japanese beef rice bowl
“Banpaiya”	Japan	100%	Toridoll Japan	Japanese “izakaya” (Japanese-style pub)
“Zundo-ya”	Japan	100%	Toridoll Japan	Japanese “tonkotsu” (pork bone broth) ramen noodles
“Tori-Saburo”	Japan	100%	Toridoll Japan	Japanese fried chicken
“Yakitate Koppe Seipan”	Japan	100%	Toridoll Japan	Japanese hotdog
“Pokeworks”	U.S.	40% <i>(Note 2)</i>	Toridoll Japan	Hawaiian poke (cubed raw fish) seafood
	Mexico	40% <i>(Note 3)</i>	Toridoll Japan	Hawaiian poke (cubed raw fish) seafood
“Boat Noodle”	Malaysia	49%	Toridoll Japan	Thai boat-style soup noodles
	Myanmar	40%	Toridoll Japan	Thai boat-style soup noodles
	Singapore	49% <i>(Note 4)</i>	Toridoll Japan	Thai boat-style soup noodles
	Brunei	49% <i>(Note 4)</i>	Toridoll Japan	Thai boat-style soup noodles
“Shoryu”	United Kingdom	38% <i>(Note 5)</i>	Toridoll HK	Japanese “tonkotsu” (pork bone broth) ramen noodles
“Wok to Walk”	Bulgaria, Colombia, Ecuador, Estonia, France, Latvia, Lithuania, India, Israel, Italy, Malta, Mexico, Morocco, Panama, Oman, Netherlands, Portugal, Saudi Arabia, Spain and United Kingdom	80% <i>(Note 6)</i>	Toridoll Japan	Thai fried noodles and other street foods

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*Notes:*

- As at the Latest Practicable Date, all the restaurants under the “Marugame Seimen” brand in Philippines, Indonesia, Vietnam, Russia and Guam were operated by franchisees under a franchise arrangement with Toridoll Japan as franchisor.
- As at the Latest Practicable Date, a portion of the restaurants under the “Pokeworks” brand in the U.S. were operated by franchisees under a franchise arrangement with a company which is owned as to 40% by Toridoll Japan as franchisor.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

3. As at the Latest Practicable Date, all the restaurants under the “Pokeworks” brand in Mexico were operated by franchisees under a franchise arrangement with a company which is owned as to 40% by Toridoll Japan as franchisor.
4. As at the Latest Practicable Date, all the restaurants under the “Boat Noodle” brand in Singapore and Brunei were operated by franchisees under a franchise arrangement with a company which is owned as to 49% by Toridoll Japan as franchisor.
5. As at the Latest Practicable Date, a portion of the restaurants under the “Shoryu” brand were operated by a franchise arrangement with a company which is owned as to 38% by Toridoll HK as franchisor.
6. As at the Latest Practicable Date, all the restaurants under the “Wok to Walk” brand were operated by franchisees under a franchise arrangement with a subsidiary which is owned as to 80% by Toridoll Japan as franchisor.

Our Directors are of the view that the Excluded Businesses are not, and will not be, in direct or indirect, competition with our business and there is clear and adequate delineation of business between our Group and the Excluded Businesses for the following reasons:

- ***Different types of cuisines and noodles*** — None of the restaurants operated by our Controlling Shareholders and/or their respective close associates serve similar cuisines and similar types of noodles as our Group i.e. mixian, which is white in colour and typically made from non-glutinous rice which we serve with soup. Set forth below are the characteristics and types of Japanese noodles served by the restaurant chains operated by our Controlling Shareholders and/or their respective close associates:

**Restaurant chain operated by our Controlling Shareholders and/or their respective close associates**

**Type of Japanese noodles served**

**Characteristics of the type of Japanese noodles**

“Marugame Seimen”,  
“Futaba-seimen and  
“Ibuki-udon”

Japanese udon

White in colour and typically made from wheat

“Nagata Honjo-ken”

Japanese yakisoba

Yellow in colour, typically made from wheat and served as a stir-fry dish

“Maruki-soba”

Japanese soba

Grey in colour and typically made from buckwheat

“Hakatanmaru”, “Zundo-ya”,  
“Shoryu”, “Marushoya” and  
“Menya-oba”

Japanese ramen

Yellow in colour and typically made with wheat and alkaline salts

“Marushoya” and “Menya-oba” brands provide Japanese ramen in shoyu (soy sauce broth) and restaurants under the “Hakatanmaru”, “Zundo-ya” and “Shoryu” brands provide Japanese ramen in tonkotsu (pork bone) broth.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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In addition to Japanese noodles, our Controlling Shareholders and/or their close associates also operate restaurant chains under the brands of “Boat Noodle” and “Wok to Walk” which serve Thai soup noodles and Thai fried noodles with other street foods. Such Thai style rice noodles are typically white in colour, flatter and/or wider in shape and size as compared to mixian, and typically require soaking in hot water for softening purposes prior to cooking. Mixian on the other hand has a softer texture that makes it readily available to boil and cook. Furthermore, the mixian we serve are soup-based and our signature soup bases for mixian are Southwestern Chinese cuisine inspired rather than Japanese and/or Thai styled. In addition to soup-based Japanese style udon, ramen and soba and Thai style boat noodles, the Japanese and Thai noodles served by the restaurants operated by our Controlling Shareholders and/or their close associates may also be stir-fried and served without soup or broth where different cooking methods are employed and they are served as different dishes as compared to soup noodles. Therefore, the types of noodles and cuisine offered by our Controlling Shareholders and/or their close associates under the Excluded Businesses are dissimilar to the Southwestern Chinese cuisine inspired mixian offered by our Group. Furthermore, other restaurant chains under the Excluded Businesses offer a substantially different menu and do not focus on noodles in their menus. To the best knowledge of our Directors having made all reasonable enquiries, when considering the expansion of restaurant brands portfolio, the primary focus of Toridoll Japan is to diversify the types of cuisines which can differentiate among themselves in order to attract different customer groups and avoid competition among the different restaurant brands operated by it.

- ***Different brand images, restaurant setting and environment*** — Our restaurant chains under our TamJai and SamGor brands have distinctive brand images. The restaurant chain under our SamGor brand features its signature cartoon character, while the restaurant setting and environment of both TamJai and SamGor brands have adopted a distinct colour scheme with each other for its setting and environment. The culture that our two restaurant brands have built up over their years of operation in Hong Kong, such as the unique accent that some of our front-line employees have (also widely-known as “TamJai accent” by our customers) in conjunction with our convenient style, has also been well-recognised by our customers and become an essential part of the dining environment and experience that we offer. According to a survey conducted by Euromonitor concerning the attributes of Asian noodles brands, 41.5% and 40.2% of all respondents associated our two brands respectively with being easy to find and available everywhere in Hong Kong, which were the highest compared with other competing Asian noodles restaurant brands in Hong Kong. The Excluded Businesses have different branding and restaurant setting fundamentally as they build their respective brand images based on the types of cuisines they offer, such as Japanese izakaya style for “Banpaiya” and a Hawaiian café style for “Kona’s Coffee”. None of the restaurant chains operated under the Excluded Businesses serve similar-style cuisine and as such, none of their branding and dining environment and experience has the same focus as ours. Due to the distinctive branding and restaurant setting and environment of our TamJai and SamGor brands, our Directors believe that our two brands can be distinguished from the other brands operated by the Excluded Businesses.
- ***Different management expertise and resources*** — The Excluded Businesses have been managed and operated by different and independent management teams since the commencement of the respective business. Save for our non-executive Directors, there are no overlapping management personnel between our Group and the Excluded Businesses.



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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The skill set and expertise required for the management including the cuisines served and operation of central kitchens by our Group are different from those of the Excluded Businesses. We operate central kitchens which process soup bases, sauces, marinades and other food ingredients for our restaurants to simplify food processing procedures at the restaurant level and enhance standardisation in the taste and food quality across our restaurants. The various stages of supply chain management and logistics quality control involved for operation of our central kitchens are unique to our restaurant operation model which aims to enhance the operational stability and scalability of our business. The relevant procedures and skill sets are not required for the decentralised restaurant operation model adopted by the Excluded Businesses which involves processing and cooking of food directly at the restaurant premises. For further details about our central kitchens, please refer to the section headed “Business — Central kitchens” in this prospectus. In addition, certain branches of the restaurant chains under the “Wok to Walk”, “Marugame Seimen”, “Boat Noodle” and “Pokeworks” brands are operated under franchises, whereas our business is currently all operated directly by our Group which enables us to be more innovative and flexible with our menu, branding and growth.

- ***Different geographical locations and scale of operations in these locations*** — As at the Latest Practicable Date, excluding our Group’s restaurants, Toridoll Japan, through its subsidiaries, operated over 1,700 restaurants under the Excluded Businesses globally. Among the restaurant brands which offer noodles under the Excluded Businesses, only the “Marugame Seimen” and “Hakatanmaru” brands which are mainly based in Japan operate restaurants in the same geographical locations where we operate. As at the Latest Practicable Date, there were 16 and 40 restaurants under the “Marugame Seimen” brand in Hong Kong and Mainland China, respectively, while there was one restaurant under the “Hakatanmaru” brand in Hong Kong. In contrast, as at the Latest Practicable Date, our Group had 150, three and three restaurants under our TamJai and SamGor brands in Hong Kong, Mainland China and Singapore respectively. We aim to open our first restaurant in each of Japan and Australia before April 2022 and April 2023, respectively. Please refer to the section headed “Business — Our business strategies — Expansion of our restaurant network” in this prospectus for further details. Although a majority of the restaurants operated by Toridoll Japan and its subsidiaries are located in Japan, Australia and other countries that we aim to eventually open our restaurants in, our Directors are of the view that our business will not be in direct or indirect competition with the Excluded Businesses in these countries as both our business and the Excluded Businesses serve different types of food and cuisines, offer a different ambiance and dining experience, require different management expertise and resources and mostly operate in different geographical locations. According to Euromonitor, the consumer food service industry (inclusive of the fast casual segment) in Hong Kong, Mainland China, Japan, Singapore and Australia are also very sizable with a large customer base for each of our Group and Toridoll Japan to operate in. As such, even in the unlikely event that there is an insignificant overlap in the potential customer base between Toridoll Japan and our Group, the competition will be minimal and will not result in any material adverse impact on each of our Group or Toridoll Japan.

In view of the foregoing, our Directors are of the view that our business can be clearly differentiated from and is not, and will not be, in competition with the Excluded Businesses. Accordingly, our Controlling Shareholders decided not to inject the Excluded Businesses into our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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To safeguard our Group's interests and ensure the clear delineation of business between our Group and our Controlling Shareholders in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favour of our Company to the effect that they will not, and will procure their close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in or interested in any business which may be in competition with our Group's business, further details of which are set out in the paragraph headed "— Deed of Non-Competition" below.

Saved as disclosed above, as at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had interest in a business which competes with or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

#### **Management independence**

Our Board currently comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Other than our non-executive Directors, namely Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi, none of our Directors or the members of our senior management team holds any position at our Controlling Shareholders or their respective close associates. Given that Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi are all our non-executive Directors, they will not be involved in the day-to-day management or affairs and operations of our business and will only contribute from a non-executive capacity at the board level.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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The following table sets out the dual-roles held by our three non-executive Directors in our Company and Toridoll Japan, respectively:

<b>Name</b>	<b>Position in our Company</b>	<b>Position in Toridoll Japan</b>	<b>Responsibilities in Toridoll Japan</b>
Mr. Tanaka Kimihiro	Non-executive Director	Managing director and general manager of the Japan business division	Overseeing, managing and advising on the business development of the group; and acting as a director of certain subsidiaries of Toridoll Japan
Mr. Sugiyama Takashi	Non-executive Director	Managing director	Overseeing the international business division of the group; and acting as a director of certain subsidiaries of Toridoll Japan
Mr. Shinkuma Satoshi	Non-executive Director	Head of legal and compliance	Overseeing the legal and compliance affairs of the group; and acting as a director of certain subsidiaries of Toridoll Japan

In the event that Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi are required to absent themselves from any board meeting on any matter which may give rise to a potential conflict of interest with our Controlling Shareholders and the Excluded Businesses, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the executive role of Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi in Toridoll Japan and the Excluded Businesses, our Directors are of the view that our Board is able to manage our business independently from the Excluded Businesses for the following reasons:

- (a) the Excluded Businesses do not compete with our core business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by each of Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi in most cases will not affect the requisite degree of impartiality of Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi as our non-executive Directors in discharging their fiduciary duties owed to our Company;
- (b) Mr. Tanaka Kimihiro, Mr. Sugiyama Takashi and Mr. Shinkuma Satoshi, each being our non-executive Director, will not be involved in the day-to-day management of our Group and will only contribute from a non-executive capacity at the board level;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (c) we have three independent non-executive Directors, representing one third of our Board, in compliance with the Listing Rules. The independent non-executive Directors will represent an element of independence at the board level and will among other matters, review and monitor the connected transactions as may be entered into between our Group and our Controlling Shareholders or their respective associates from time to time to protect the interests of our Company and the Shareholders as a whole;
- (d) in the event of a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum and the other Directors will vote and decide on the matter. We believe all of our Directors, including our independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. Please refer to the section headed “Directors and senior management — Board of Directors” in this prospectus for a summary of the relevant experience and qualifications of our Directors; and
- (e) save as disclosed herein, our daily operations will be managed and overseen by our senior management team, comprising all three executive Directors, namely, Mr. Lau Tat Man, Ms. Chan Ping, Rita and Mr. Lee Yuk Hang, none of whom holds any position in Toridoll Japan, Toridoll HK, T&T, their respective close associates (except for their roles in our Group) and under the Excluded Businesses.

Each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is an actual or potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Based on the above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Listing.

### **Operational independence**

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently of our Controlling Shareholders and their respective close associates.

### ***Intellectual property rights and licences required for operation***

We are not reliant on trademarks owned by our Controlling Shareholders or their respective close associates, and we hold and enjoy the benefit of all relevant licences and qualifications necessary to carry on our current business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### *Access to customers and suppliers*

We have independent access to our suppliers and customers. We are a restaurant chain group with operations in Hong Kong, Mainland China and Singapore. As such, we do not place undue reliance on any customers of our Group, nor do we place undue reliance on our Controlling Shareholders to solicit customers. We conduct our own sales and marketing primarily through our own sales and marketing team.

### *Operational facilities*

All of the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates. We have an independent management team to handle our day-to-day operations.

Pursuant to the licence agreement dated 2 September 2021 entered into between Toridoll HK and our Company, our Company agreed to grant to Toridoll HK the non-exclusive licence to use certain office spaces leased by our Company in Hong Kong. Please refer to the section headed “Connected Transactions — A. Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements — Office Space Licensing” in this prospectus for further details. Save as disclosed above, we did not share any operational facilities with our Controlling Shareholders and their respective close associates as at the Latest Practicable Date.

### *Employees*

As at the Latest Practicable Date, all of our full-time employees were primarily recruited from the open market through recruitment advertisements, recruitment agencies, online platforms and referrals.

### *Connected transactions with our Controlling Shareholders*

Upon Listing, Toridoll HK will continue to provide certain business consulting services to us. Our Directors are of the view that the business consulting services provided to our Group are carried out on an arm’s length basis and normal commercial terms pursuant to the business consulting service agreement dated 1 April 2021. Please refer to the section headed “Connected Transactions — B. Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Circular and Independent Shareholders’ Approval Requirements — 1. Business Consulting Services” in this prospectus for further details. While Toridoll HK will continue to provide such business consulting services to our Group, such services only serve to assist our management in making business decisions in respect of our Group and the final decision-making power in relation to the business of our Group remains vested with our Board. Accordingly, such continuing connected transaction is not expected to affect our operational independence as a whole.

Upon Listing, Toridoll Japan will continue to provide certain operations support services to us. Our Directors are of the view that the operations support services provided to our Group are carried out on an arm’s length basis and normal commercial terms pursuant to the operations support service agreement dated 11 June 2021. Please refer to the section headed “Connected Transactions — B. Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Circular and Independent Shareholders’ Approval Requirements — 2. Operations Support Services” in this prospectus for further details. While Toridoll Japan will provide such support services to our Group, such services only serve to assist us in making our

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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market entry and our restaurant opening in Japan and we do not rely on Toridoll Japan in our business operations. Accordingly, such continuing connected transaction is not expected to affect our operational independence as a whole.

Save for the continuing connected transactions between Toridoll HK or Toridoll Japan and our Group as mentioned above and in the paragraph headed “Independence from our Controlling Shareholders — Operational independence — Operational facilities” above, our Directors do not expect that there will be any other continuing connected transaction between our Controlling Shareholders or their associates and our Group immediately after Listing.

Based on the above, our Directors are of the view that our Group has been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

### **Financial independence**

We have established our own finance department with a team of financial staff which is responsible for financial control, accounting, reporting, group credit and internal control of our Group, which is independent from our Controlling Shareholders.

All loans, advances and balances due to our Controlling Shareholders and their respective close associates which were not arising out of the ordinary course of business will be fully repaid, settled, assigned or novated to our Group before the Listing.

Accordingly, our Directors are of the view that our Group is capable of maintaining financial independence from our Controlling Shareholders and their respective close associates.

### **DEED OF NON-COMPETITION**

Each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company, pursuant to which each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company that he/she/it will not, and will procure his/her/its close associates (other than members of our Group) not to directly or indirectly be involved in, conduct or undertake any business that directly or indirectly competes, or may compete, with the business engaged by our Group from time to time (the “**Restricted Businesses**”), or hold shares or interest in any company or business (other than the shares or interest in our Group) that competes or may compete directly or indirectly with the Restricted Businesses, except where our Controlling Shareholders and their respective close associates hold less than 10% of the total interest in any company which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control the composition of a majority of the board of such company. For the avoidance of doubt, the above undertakings do not apply to the business of any of our Controlling Shareholders and his/her/its close associates that (i) had already been disclosed in this section; (ii) is different from or dissimilar or does not compete with the Restricted Business; or (iii) was a Restricted Business but later no longer a Restricted Business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Further, each of our Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the “**Competing Business Opportunity**”) is identified by/made available to him/her/it or any of his/her/its close associates, he/she/it shall, and shall procure that his/her/its close associates shall, offer or refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the “**Offer Notice**”) within 30 business days of identifying such opportunity and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue or participate in such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising only Directors who do not have an interest in the Competing Business Opportunity (the “**Independent Board Committee**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board Committee) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board Committee shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board Committee may appoint independent financial advisers and legal advisers to assist in the decision-making process in relation to such Competing Business Opportunity. The Independent Board Committee shall, within 30 business days of receipt of the written notice as referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/she/it has received a notice from the Independent Board Committee declining such Competing Business Opportunity or if the Independent Board Committee failed to respond within such 30 business days’ period mentioned above. If prior to its consummation there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Controlling Shareholder, he/she/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their respective close associates cease to hold, whether directly or indirectly, 50% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that he/she/it will provide and procure his/her/its close associates to provide on best endeavour basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and
- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

### CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders and his/her/its respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest between our Group on one hand and our Controlling Shareholders and/or our Directors on the other after Listing. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or transaction or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and senior management — Board of Directors — Independent non-executive Directors" in this prospectus;



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (d) we have appointed China Tonghai Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance;
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and
- (f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

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## CONNECTED TRANSACTIONS

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### OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was a director of our Group within 12 months preceding the Listing Date and any of their respective associates will become the connected persons of our Company upon Listing.

Our Group has entered into the following continuing transactions with our connected persons in our ordinary and usual course of business. Upon Listing, the transaction disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

#### A. CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

##### Office Space Licensing

On 2 September 2021, our Company entered into a licence agreement (the “**Licence Agreement**”) with Toridoll HK, pursuant to which our Company agreed to grant to Toridoll HK the non-exclusive licence to use certain office spaces leased by our Company on the 9th Floor of D2 Place ONE, No. 9 Cheung Yee Street, Cheung Sha Wan, Kowloon, Hong Kong (the “**Licensed Area**”) with a gross floor area of approximately 124 sq.ft. The Licence Agreement has a term commencing from 1 July 2021 to 31 March 2024 at a monthly licence fee of HK\$4,483.9 (inclusive of management charges but exclusive of rates and government rent).

Our Directors estimate that the maximum annual amount of licence fees payable to us by Toridoll HK in relation to the licensing of the Licensed Area for the three years ending 31 March 2022, 2023 and 2024 based on the monthly licence fee will not exceed HK\$41,000, HK\$54,000 and HK\$54,000, respectively. The monthly licence fee payable by Toridoll HK was determined on a cost basis with reference to (i) the total area of the Licensed Area; and (ii) the total rent and management fees payable by our Company to the landlord. There was no historical transaction between Toridoll HK and us in relation to the licensing of the Licensed Area. The transaction contemplated under the Licence Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Toridoll HK is our Controlling Shareholder and therefore a connected person of our Company upon Listing. Accordingly, the transaction between Toridoll HK and our Company under the Licence Agreement will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than profits ratio) under the Listing Rules in respect of the annual caps for the Licence Agreement is expected to be less than 0.1% on an annual basis, the transaction under the Licence Agreement will be exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### **B. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### **1. Business Consulting Services**

On 1 April 2021, our Company entered into a business consulting service agreement (the “**Business Consulting Service Agreement**”) with Toridoll HK, pursuant to which Toridoll HK has agreed to provide business consulting services to our Company, which include (i) assistance in the development of the strategies for the business of our Group, which will be in line with the overall business strategy of Toridoll Japan; (ii) provision of statistic information on market trends or competitive analysis and sharing insights to each geographic region of the business of our Group; and (iii) provision of expertise and knowledge sharing on improving frontline store operations and providing advice on the development of guidelines for the operations of the business of our Group (the “**Business Consulting Services**”). The Business Consulting Service Agreement has a term commencing from the 1 April 2021 to 31 March 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

#### *Pricing policy*

In consideration of the Business Consulting Services, our Company has agreed to pay service fees to Toridoll HK on a monthly basis, which will be charged by Toridoll HK on a cost-plus basis taking into account the actual cost (including the labour cost) incurred by Toridoll HK plus a mark-up rate of not more than 3%. Such mark-up rate shall be (a) no less favourable than the service fees charged by Toridoll HK to its other subsidiaries in respect of services (i) and (iii) above which are specific to the strategies and operations of our Group; and (b) no less favourable than the service fees charged by at least one independent service provider in respect of service (ii) above. The finance and compliance department of our Group will review the invoice from Toridoll HK on a monthly basis to ensure the fees charged to us are in accordance with the pricing policy as set out above. Accordingly, our Directors are of the view and the Sole Sponsor concurs that the service fees charged by Toridoll HK in respect of the Business Consulting Services are fair and reasonable and the Business Consulting Service Agreement was entered into on normal commercial terms or better.

#### *Reasons for the transaction*

We had engaged Toridoll HK for the provision of the Business Consulting Services since 1 April 2019 and up to the Latest Practicable Date. Our Directors consider that we will benefit from the know-how and expertise of Toridoll HK in restaurant operation through their provision of the Business Consulting Services, which will assist us in developing our business strategies to be in line with the overall strategy of our parent listed company, Toridoll Japan, being a renowned multi-brand restaurants group with global presence, while facilitating our business expansion in our existing markets and into the overseas markets.

The transaction contemplated under the Business Consulting Service Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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## CONNECTED TRANSACTIONS

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### *Historical transaction amounts*

For the years ended 31 March 2019, 2020 and 2021, the transaction amounts for the Business Consulting Services provided by Toridoll HK to our Group amounted to approximately nil, HK\$2.6 million and HK\$3.4 million, respectively.

### *Annual caps*

Our Directors estimate that the maximum annual amount of service fees payable by us to Toridoll HK in relation to the Business Consulting Services for the three years ending 31 March 2022, 2023 and 2024 will not exceed HK\$6 million, HK\$6.5 million and HK\$7 million, respectively.

In arriving at the above annual caps, our Directors have considered (i) the expected labour cost incurred by Toridoll HK in providing the Business Consulting Services, taking into account the number and seniority of personnel involved; (ii) the expected increase in labour cost of Toridoll HK for provision of the Business Consulting Services; and (iii) a mark-up rate of 3% on the expected labour cost of Toridoll HK for provision of the Business Consulting Services.

The increase in the above annual caps as compared to the historical transaction amounts in respect of the Business Consulting Services is primarily due to the increase in number of employees hired by Toridoll HK who will provide the Business Consulting Services to our Company following the expansion of the regional office of Toridoll Japan, i.e. Toridoll HK, to cope with the growing business of our Group with the restaurant numbers grew from 107 as at 31 March 2019 to 156 as at the Latest Practicable Date. In view of our continuous business expansion in our existing markets and into the overseas markets, details of which are set out in the section headed “Business — Business strategies” in this prospectus, Toridoll HK has recruited additional manpower to provide the Business Consulting Services to us. The increase in the above annual caps for the three years ending 31 March 2024 is primarily due to the expected increase in labour cost of Toridoll HK for provision of the Business Consulting Services during such years.

### *Implications under the Listing Rules*

Toridoll HK is our Controlling Shareholder and therefore a connected person of our Company upon Listing. Accordingly, the transaction between Toridoll HK and our Company under the Business Consulting Service Agreement will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than profits ratio) under the Listing Rules in respect of the annual caps for the Business Consulting Service Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transaction under the Business Consulting Service Agreement will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### 2. Operations Support Services

On 11 June 2021, our Company entered into an operations support service agreement (the “**Operations Support Service Agreement**”) with Toridoll Japan, pursuant to which Toridoll Japan has agreed to provide operations support services to our Company for our upcoming operations in Japan, which include (a) at the pre-opening phase, (i) assistance in establishing supply chain management system including sourcing of suppliers; (ii) assistance in obtaining licences and complying with applicable laws and regulations; (iii) assistance in site selection and tenancy matters of our restaurants; (iv) provision of advice on and assistance in the coordination of design development and construction work for our restaurants; (v) provision of advice on corporate social responsibility, marketing strategy and quality assurance; and (vi) provision of supporting functions such as human resources, administrative, accounting and finance services; and (b) at the post-opening phase, (i) provision of inventory control, quality inspection and store audit services; (ii) assistance in data collection and establishing and maintaining customer feedback system; (iii) assistance in on-going site selection and coordination of maintenance work for our restaurants; (iv) assistance in the marketing and promotional activities; and (v) provision of on-going supporting functions such as human resources, administrative, IT maintenance, accounting and finance services (the “**Operations Support Services**”). The Operations Support Service Agreement has a term commencing from 11 June 2021 to 31 March 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

#### *Pricing policy*

In consideration for the Operations Support Services, our Company has agreed to pay service fees to Toridoll Japan on a monthly basis, which will be charged by Toridoll Japan based on a cost-plus basis by taking into account the actual cost (including the labour cost) incurred by Toridoll Japan plus a mark-up rate of not more than 3%, which, as confirmed by Toridoll Japan, is in line with the mark-up rate charged by Toridoll HK to us for the Business Consulting Services. The finance and compliance department of our Group will review the invoice from Toridoll Japan on a monthly basis to ensure the fees charged to us are in accordance with the pricing policy as set out above.

#### *Reasons for the transaction*

As Toridoll Japan is a renowned multi-brand restaurants group which has ample experience in the F&B business in Japan, our Directors believe that their know-how and expertise will assist us in making our market entry and our restaurant opening in Japan.

The transaction contemplated under the Operations Support Service Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

#### *Historical transaction amounts*

During the Track Record Period, Toridoll Japan did not provide the Operations Support Services to us as we had no business operations in Japan and hence there was no historical transaction amount.

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## CONNECTED TRANSACTIONS

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### *Annual caps*

Our Directors estimate that the maximum annual amount of service fees payable by us to Toridoll Japan in relation to the Operations Support Services for the three years ending 31 March 2022, 2023 and 2024 will not exceed HK\$3 million, HK\$7.5 million and HK\$8.5 million, respectively.

In arriving at the above annual caps, our Directors have considered (i) the expected labour cost to be incurred by Toridoll Japan in providing the Operations Support Services, taking into account the number and seniority of personnel to be involved; (ii) the expected number of our restaurants to be opened in Japan during the three years ending 31 March 2024; (iii) the expected increase in labour cost of Toridoll Japan for provision of the Operations Support Services; and (iv) a mark-up rate of 3% on the expected labour cost of Toridoll Japan for provision of the Operations Support Services.

The increase in the above annual caps for the three years ending 31 March 2024 is primarily due to (i) the expected increase in the total number of our restaurants to be operated in Japan, being two, 10 and 25, during the years ending 31 March 2022, 2023 and 2024, respectively, as part of our restaurant network expansion plan. For details, please refer to the section headed “Business — Our business strategies — Expansion of our restaurant network” in this prospectus; and (ii) the expected increase in labour cost of Toridoll Japan for provision of the Operations Support Services during such years.

### *Implications under the Listing Rules*

Toridoll Japan is our Controlling Shareholder and therefore a connected person of our Company upon Listing. Accordingly, the transaction between Toridoll Japan and our Company under the Operations Support Service Agreement will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than profits ratio) under the Listing Rules in respect of the annual caps for the Operations Support Service Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transaction under the Operations Support Service Agreement will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### APPLICATION FOR WAIVER

The transactions described under the paragraph headed “B. Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders’ approval requirements” above in this section constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders’ approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the paragraph headed “B. Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders’ approval requirements” above in this section, subject to the condition that the amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

### DIRECTORS’ VIEW

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described under “B. Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders’ approval requirements” above have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### SOLE SPONSOR’S VIEW

The Sole Sponsor is of the view that the continuing connected transactions described in “B. Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders’ approval requirements” above have been and will be entered into (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Articles of Association. We have entered into a service agreement with each of our executive Directors. We have also entered into a letter of appointment with each of our non-executive Directors and independent non-executive Directors.

The table below shows certain information in respect of members of our Board and senior management of our Company:

#### Members of our Board

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group
Mr. Lau Tat Man (劉達民)	53	Executive Director, chief executive officer and chairman of our Board	7 May 2018	1 October 2018	Overseeing the business development and directions, planning and executing the overall strategies of our Group, including the expansion plan of our Group in the PRC and overseas; and overseeing our Board
Ms. Chan Ping, Rita (陳萍)	50	Executive Director and chief financial officer	1 November 2018	8 April 2021	Overseeing the financial affairs of our Group
Mr. Lee Yuk Hang (李育恒)	46	Executive Director and senior group purchasing manager	2 July 2015	8 April 2021	Supervising and managing the procurement department and overall procurement functions and supply chain management of our Group
Mr. Tanaka Kimihiro (田中公博)	51	Non-executive Director	1 April 2019	1 April 2019	Providing strategic advice and recommendations on the operations and management of our Group
Mr. Sugiyama Takashi (杉山孝史)	44	Non-executive Director	8 April 2021	8 April 2021	Providing strategic advice and recommendations on the operations and management of our Group
Mr. Shinkuma Satoshi (新熊聡)	48	Non-executive Director	8 April 2021	8 April 2021	Providing strategic advice and recommendations on the operations and management of our Group



## DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Roles and responsibilities in our Group</u>
Mr. Loo Kwok Wing (盧國榮)	53	Independent non-executive Director	14 September 2021	14 September 2021	Supervising and providing independent advice to our Board
Mr. Lee Kwok Ming (李國明)	63	Independent non-executive Director	14 September 2021	14 September 2021	Supervising and providing independent advice to our Board
Mr. Yeung Yiu Keung (楊耀強)	58	Independent non-executive Director	14 September 2021	14 September 2021	Supervising and providing independent advice to our Board

### Members of our senior management

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Date of joining our Group</u>	<u>Date of appointment as senior management</u>	<u>Roles and responsibilities in our Group</u>
Mr. Yeung Siu Cheong (楊少昌)	53	Business development director	14 January 2019	14 January 2019	Devising leasing strategies for the Hong Kong and overseas operations of our Group
Ms. Tam Chui Ying (譚翠瑩)	37	Senior business development manager	3 September 2012	1 October 2019	Managing our Group's site selection, rental negotiation, lease renewal, relocation and relationship with landlord
Mr. Lau Chi Kwan (劉次軍)	57	General manager of Vennic	5 November 2018	5 November 2018	Overseeing the overall operations of restaurants under the SamGor brand, including strategic planning of the Hong Kong and overseas operations, formulating policies and brand building of the SamGor brand
Mr. Wu Ka Fai (胡家輝)	41	Assistant general manager of Jointed-Heart	15 July 2019	15 July 2019	Overseeing the overall operations of restaurants under the TamJai brand, including strategic planning of the Hong Kong and overseas operations, formulating policies and brand building of the TamJai brand

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## DIRECTORS AND SENIOR MANAGEMENT

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### Executive Directors

**Mr. Lau Tat Man (劉達民)**, aged 53, was appointed as a Director on 1 October 2018 and was re-designated as an executive Director on 8 April 2021. Mr. Lau is the chairman and chief executive officer of our Company and a director of all of our subsidiaries. He is responsible for overseeing the business development and directions, planning the executing the overall strategies of our Group, including the expansion plan of our Group in the PRC and overseas and overseeing our Board.

Mr. Lau has over 32 years of experience in the food and beverage industry in Hong Kong. Prior to joining our Group, from November 1988 to October 1996, he worked in the Peninsula Hotel Hong Kong, a five-star hotel in Hong Kong, with his last position as assistant restaurant manager of The Verandah, where he was primarily responsible for managing the day-to-day operations of the restaurant. From November 1996 to January 1998, he served as a manager at Asia Standard Catering Limited, where he was primarily responsible for managing TGI Friday's, an American casual dining restaurant chain in Hong Kong. From January 1998 to January 2015, he worked with and last served as a managing director of Asia Pacific at Select Service Partner Asia Pacific Limited, a company principally engaged in operating food and beverage outlets with different restaurant brands in transportation hubs including airports and railway stations in the Asia Pacific region and a subsidiary of the SSP Group PLC, a company listed on the London Stock Exchange (stock code: SSPG), where he was primarily responsible for managing and developing the company's business in the Asia Pacific region. From March 2015 to March 2018, he worked with and last served as a managing director of the quick service restaurants group of Café de Coral Group Limited, a company principally engaged in operating quick service restaurants, casual dining chains and institutional catering in Hong Kong and the PRC and a subsidiary of Café de Coral Holdings Limited ("Café de Coral"), a company listed on the Main Board of the Stock Exchange (stock code: 341), where he was primarily responsible for the development of the quick service restaurant business covering several major brands under the group in Hong Kong, including the launching of new products, concept stores and promotional campaigns.

Mr. Lau obtained a higher diploma in hotel catering and management from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in Hong Kong in November 1994. He also obtained a master's degree in business administration from The Chinese University of Hong Kong in Hong Kong in December 2011 and was placed on the dean's list in 2010 to 2011.

**Ms. Chan Ping, Rita (陳萍)**, aged 50, was appointed as an executive Director on 8 April 2021. Ms. Chan joined our Group in November 2018 as a chief financial officer. She is responsible for overseeing the financial affairs of our Group.

Ms. Chan has over 21 years of finance and accounting experience in the food and beverage industry in Hong Kong. Prior to joining our Group, from May 2000 to May 2008, she worked with and last served as a finance and accounting manager at Fairton Management Company Limited, a company principally engaged in brand management for fashion and lifestyle brands in Hong Kong, PRC, Macau and Taiwan, where she was primarily responsible for managing all general accounting functions for the company's China operations. From July 2008 to September 2009, she worked with

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## DIRECTORS AND SENIOR MANAGEMENT

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and last served as a financial controller of Artist Empire Jewellery Enterprise Company Limited, a subsidiary of Artini Holdings Limited, a company which is principally engaged in the fashion accessories business and listed on the Main Board of the Stock Exchange (stock code: 789), where she was primarily responsible for overseeing the overall finance and accounting functions of the company. From December 2009 to December 2011, she served as a group financial controller of Tang Palace (China) Holdings Limited, a food and beverage chain group in China listed on the Main Board of the Stock Exchange (stock code: 1181), where she was primarily responsible for managing the overall financial functions of the group and assisting the company's initial public offering. From September 2012 to April 2018, she served as a finance director of business performance and food and beverage in the group finance department of Miramar Hotel & Investment Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 71), which is principally engaged in hotels and serviced apartments operations, property rental, food and beverage and travel services in Hong Kong and the PRC, where she was primarily responsible for overseeing the financial department.

Ms. Chan obtained a diploma in accounting from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1992. Ms. Chan further obtained a bachelor's degree in commerce accounting in February 1997 and a master's degree in finance in March 2001 from the Curtin University of Technology (now known as Curtin University) in Australia via distance learning.

Ms. Chan was admitted as a fellow member of the Association of International Accountants in May 2010. She has also been a member of the Hong Kong Institute of Certified Public Accountants since November 2011.

**Mr. Lee Yuk Hang (李育恒)**, aged 46, was appointed as an executive Director on 8 April 2021. He is responsible for supervising and managing the procurement department and overall procurement functions and supply chain management of our Group. Mr. Lee joined our Group in July 2015 as a purchasing manager and was promoted as senior group purchasing manager in April 2021.

Mr. Lee has over 21 years of procurement experience in the food and beverage industry. Prior to joining our Group, from May 2000 to November 2006, he worked with and last served as a purchasing officer of Café De Coral, where he was primarily responsible for handling various procurement matters. From December 2006 to June 2015, he worked with and last served as a purchasing manager of Yeh Lam Kwok Catering Holdings Limited, a company principally engaged in food and beverage businesses in Hong Kong, where he was primarily responsible for developing and reviewing purchasing strategies, monitoring raw materials costing trend, creating and running database of raw materials sample testing, menu food cost calculation, menu pricing, shop opening, warehouse and logistics.

Mr. Lee obtained a bachelor's degree in business administration (purchasing and supply management stream) from Lingnan College (now known as Lingnan University) in Hong Kong in November 1998. He also completed a diploma programme in food and nutritional sciences from the Chinese University of Hong Kong in Hong Kong in March 2006.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Non-executive Directors

**Mr. Tanaka Kimihiro (田中公博)**, aged 51, was appointed as a Director on 1 April 2019 and was re-designated as a non-executive Director on 8 April 2021. He is responsible for providing strategic advice and recommendations on the operations and management of our Group. He currently holds directorships having non-executive functions in various subsidiaries of our Group.

Mr. Tanaka has over 13 years of experience in the food and beverage industry. He joined Toridoll Japan, one of our Controlling Shareholders, in April 2011 and has held various positions in Toridoll Japan including managing director and general manager of the second sales division and international business division, respectively. He is currently the managing director and general manager of the Japan business division of Toridoll Japan, where he is primarily responsible for overseeing, managing and advising on the business development of the group. Mr. Tanaka is also a director of certain subsidiaries of Toridoll Japan.

Prior to joining Toridoll Japan and our Group, from April 1995 to August 2003, he served at Totaku Industries, Inc., a company principally engaged in the manufacturing and sales of industrial hoses, pipes and ducts, where he was primarily responsible for sales planning. From July 2004 to January 2005, he served as a researcher at Jackson & Miki Inc. (now known as Gray Institute of Management), a company principally engaged in research on corporate management in Japan, where he was primarily responsible for research related matters. From January 2005 to March 2008, he worked with and last served as a manager of the performance improvement consulting team at Yamada Business Consulting Co., Ltd., a company which merged into Yamada Consulting Group Co Ltd, a management consulting company listed on the Tokyo Stock Exchange (stock code: 4792) where he was primarily responsible for management consulting. From April 2008 to March 2011, he worked with and last served as an executive director of the Saint Marc Cafe at Saint Marc Holdings Co., Ltd., a company listed on the Tokyo Stock Exchange (stock code: 3395) which is principally engaged in operating restaurant and café businesses in Japan, where he was primarily responsible for supervising all the stores and sales department of the company.

Mr. Tanaka obtained a bachelor's degree in business administration from Ryukoku University in Japan in March 1995. He also obtained a master of art in business administration degree in contemporary management from the Kobe University Graduate School of Business Administration in Japan in March 2004.

**Mr. Sugiyama Takashi (杉山孝史)**, aged 44, was appointed as a non-executive Director on 8 April 2021. He is responsible for providing strategic advice and recommendations on the operations and management of our Group.

Mr. Sugiyama joined Toridoll Japan, one of our Controlling Shareholders, in February 2019 and is currently the managing director of Toridoll Japan, where he is primarily responsible for overseeing the international business division of the group. Mr. Sugiyama is also a director of certain subsidiaries of Toridoll Japan, including Toridoll HK.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Sugiyama has over 20 years of management consultancy experience. Prior to joining Toridoll Japan and our Group, from April 2001 to February 2011, he served as a director at Deloitte Tohmatsu Consulting Co., Ltd (now known as ABeam Consulting Ltd), a company principally engaged in management advisory services in Japan, where he was primarily responsible for client services. From March 2011 to May 2015, he served as a director at Maval Partners Inc. (now known as PwC Advisory LLC.), a company principally engaged in management consultancy in Japan, where he was primarily responsible for auditing and advisory business. From July 2015 to December 2018, he worked with and last served as a partner at Deloitte Tohmatsu Consulting LLC., a company principally engaged in management consultancy in Japan, where he was primarily responsible for consultancy affairs.

Mr. Sugiyama obtained a bachelor's degree in economics from the Keio University, Japan in March 2001. He also obtained an executive master of business administration degree jointly from the University of California in Los Angeles John E. Anderson Graduate School of Management in the U.S. and the National University of Singapore in Singapore in November 2018 and August 2019, respectively.

**Mr. Shinkuma Satoshi (新熊聡)**, aged 48, was appointed as a non-executive Director on 8 April 2021. He is responsible for providing strategic advice and recommendations on the operations and management of our Group.

Mr. Shinkuma has over 23 years of experience in the legal industry. He joined Toridoll Japan, one of our Controlling Shareholders, in February 2014 and is currently the head of legal and compliance of Toridoll Japan, where he is primarily responsible for overseeing the legal and compliance affairs of the group. Mr. Shinkuma is also a director of certain subsidiaries of Toridoll Japan.

Prior to joining Toridoll Japan and our Group, from April 1998 to March 2004, he served in the legal department of JSR Corporation, a company listed on the Tokyo Stock Exchange (stock code: 4185) which is principally engaged in the supply of elastomers and plastics, digital solutions, life sciences and other businesses, where he was primarily responsible for the legal affairs of the company. From December 2007 to June 2010, he served as a lawyer at Nagashima Ohno and Tsunematsu (長島・大野・常松法律事務所), a law firm in Japan, where he was primarily responsible for legal affairs. From July 2010 to January 2014, he served as an attorney-at-law at T. Kunihiro & Co. Attorneys-at-law (国広総合法律事務所), a law firm in Japan, where he was primarily responsible for intellectual property and litigation affairs.

Mr. Shinkuma obtained a bachelor's degree in laws from the Kobe University in Japan in March 1998. He also obtained a juris doctor degree from the University of Tokyo Graduate Schools for Law and Politics in Japan in March 2006. In December 2007, he obtained his attorney-at-law qualification from the Japan Federation of Bar Associations.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Independent non-executive Directors

**Mr. Loo Kwok Wing (盧國榮)**, aged 53, was appointed as an independent non-executive Director on 14 September 2021. He is responsible for supervising and providing independent advice to our Board.

Mr. Loo has over 31 years of experience in the finance industry. Prior to joining our Group, from August 1990 to January 1994, he served as an analyst at Barclays de Zoete Wedd (Asia) Limited and Kim Eng Securities (Hong Kong) Limited, respectively. From March 1994 to January 1998, he worked in the Hong Kong office of the Peregrine Group and subsequently from January 1998 to August 2002 in BNP Paribas Peregrine Securities Limited, a company principally engaged in securities brokerage and corporate finance with his last position as a managing director, where he was primarily responsible for overseeing and managing the company's equity business in Hong Kong. From April 2003 to July 2005, he served as a director in global equity markets at Merrill Lynch (Asia Pacific) Limited, an investment bank in Hong Kong. From August 2005 to June 2006, he served as the head of China equity sales at JP Morgan Securities (Asia Pacific) Limited, a securities and investment brokerage company in Hong Kong, where he was primarily responsible for overseeing and managing sales services to investors in the Hong Kong and PRC equity markets. From September 2006 to April 2008, he worked with and last served as a corporate executive director in the equity capital markets department of global clients at ABN AMRO Bank N.V. Hong Kong Branch. From June 2008 to August 2013, he was the director and shareholder of Infiniti Investment Management Limited, a hedge fund management company in Hong Kong, where he was primarily responsible for supervision of the company's operations. From September 2013 to May 2017, he served as the head of equities at China Minsheng Banking Corp., Ltd. ("**China Minsheng Bank**"), a Chinese bank in Hong Kong, where he was primarily responsible for supervising the equity-related affairs of the bank. During his tenure at China Minsheng Bank, he also served as the head of securities and asset management of CMBC International Holdings Limited, a subsidiary of China Minsheng Bank. From April 2018 to March 2021, he served as a director of marketing, business development and finance at MSQ Asset Management (HK) Limited, an asset management company in Hong Kong, where he was primarily responsible for developing business strategies.

Mr. Loo obtained a bachelor's degree in social sciences from The University of Hong Kong in Hong Kong in December 1990. Since 1997, Mr. Loo has been qualified as a Chartered Financial Analyst by the CFA Institute.

Mr. Loo was a director of JD Partners Capital Limited which was a solvent company incorporated in Hong Kong prior to its dissolution. JD Partners Capital Limited was defunct and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance on 7 March 2014. Mr. Loo confirmed that, (i) the company was solvent immediately prior to dissolution; (ii) no claims had been made against him and he was not aware of any threatened or potential claims made against him as at the Latest Practicable Date; and (iii) there were no outstanding claims and/or liabilities as a result of the deregistration of the company as at the Latest Practicable Date.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Lee Kwok Ming (李國明)**, aged 63, was appointed as an independent non-executive Director on 14 September 2021. He is responsible for supervising and providing independent advice to our Board.

Mr. Lee has over 33 years of experience in financial management and corporate finance. Prior to joining our Group, from early 1988 to March 1993, he worked at Odyssey International PTE Limited, a garment manufacturing company, where he was responsible for finance matters before the group filed for bankruptcy protection in the U.S. in early 1993. From July 1993 to September 2000, he worked with and last served as an executive vice president at Guangdong Kelon Electrical Holdings Company Limited, a subsidiary of Hisense Kelon Electrical Holdings Company Limited, an electrical appliances manufacturer in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 921) and the Shenzhen Stock Exchange (stock code: 000921), where he was primarily responsible for overseeing and managing the company's strategy, financial and information services functions and overseas business. From November 2000 to July 2001, he served as a chief financial officer of T Holdings Limited, a company principally engaged in technology related projects and a subsidiary of the Hutchison Whampoa Group, where he was primarily responsible for a healthcare incubation business in the PRC. From August 2001 to March 2003, he served as the chief financial officer of TOM.COM Limited, a Chinese language cross-media company in the PRC that was previously listed on GEM (stock code: 8001) and is now listed on the Main Board of the Stock Exchange (stock code: 2383), where he was primarily responsible for mergers and acquisitions. From September 2003 to January 2004, Mr. Lee served as a finance director and company secretary at Beijing Beida Jade Bird Universal Sci-Tech Company Limited (北大青鳥環宇科技股份有限公司), a company principally engaged in the manufacture and sales of electronic fire equipment in the PRC and listed on GEM of the Stock Exchange (stock code: 8095), where he was primarily responsible for the group's financial and company secretarial affairs. From January 2004 to January 2005, he served as an executive director at Vitop Bioenergy Holdings Limited ("Vitop") (now known as Huiyin Holdings Group Limited), a company principally engaged in the manufacturing and sale of healthcare products and listed on the Main Board of the Stock Exchange (stock code: 1178). From January 2005 to January 2006, he served as a non-executive director at Vitop. From January 2005 to March 2006, he served as a chief financial officer of Moulin Global Eyecare Holdings Limited, a company previously listed on the Main Board of the Stock Exchange (previous stock code: 389), an eyewear manufacturer, distributor and retailer, where he was primarily responsible for the company's financial affairs and assisting in the company's administration prior to its eventual liquidation. From June 2006 to March 2020, he served as the chief financial officer of Stella International Holdings Limited, a footwear developer and manufacturer listed on the Main Board of the Stock Exchange (stock code: 1836), where he was primarily responsible for overseeing the financial matters of the group.

Since June 2003, Mr. Lee has been serving as an independent non-executive director and chairman of the audit committee of Lianhua Supermarket Holdings Co., Ltd., a PRC supermarket operator listed on the Main Board of the Stock Exchange (stock code: 980). From December 2003 to August 2005, he served as an independent non-executive director of Travelsky Technology Limited, a company principally engaged in providing information technology solutions to the PRC's air travel and tourism industries listed on the Main Board of the Stock Exchange (stock code: 696). Since June 2018, he has been serving as an independent non-executive director of Want Want China Holdings Limited, a PRC food and beverage manufacturer listed on the Main Board of the Stock Exchange (stock code: 151). Since July 2020, he has been serving as an independent non-executive director, chairman of the audit committee and a member of the remuneration and nomination committees of Bossini International Holdings Limited, an apparel brand owner, retailer and franchiser listed on the Main Board of the Stock Exchange (stock code: 592).

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Lee obtained a higher diploma in accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in Hong Kong in November 1981. He further obtained a master's of science degree in business administration from the University of Bath, United Kingdom in November 1984.

Mr. Lee was admitted as an associate member of The Institute of Cost and Management Accountants (currently known as The Chartered Institute of Management Accountants) in the United Kingdom since October 1986 and has been a fellow member of the Hong Kong Institute of Certified Public Accountants since September 1987. In September 2000, he served on the board of advisers of the CFO Asia Magazine, a magazine developed by CFO, a media brand in the U.S..

Mr. Lee was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

<u>Name of company</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Tawasaki Consulting Company Limited	3 August 2007	Deregistration <sup>(1)</sup>	Defunct
Odyssey International Limited (歐達詩國際有限公司)	28 September 2003	Compulsory winding up <sup>(2)</sup>	Insolvent
Odyssey Italy Limited	22 June 1999	Creditors' voluntary winding up <sup>(3)</sup>	Insolvent

*Notes:*

1. Tawasaki Consulting Company Limited was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance. Mr. Lee confirmed that, (i) the company was solvent immediately prior to dissolution; (ii) no claims had been made against him and he was not aware of any threatened or potential claims made against him as at the Latest Practicable Date; and (iii) there were no outstanding claims and/or liabilities as a result of the deregistration of the company as at the Latest Practicable Date.
2. Odyssey International Limited was dissolved by compulsory winding up pursuant to the Predecessor Companies Ordinance. Mr. Lee confirmed that, as at the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the compulsory winding-up of Odyssey International Limited.
3. Odyssey Italy Limited was dissolved by creditors' voluntary winding up pursuant to the Predecessor Companies Ordinance. Mr. Lee confirmed that, as at the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the creditors' voluntary winding-up of Odyssey Italy Limited.



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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Yeung Yiu Keung (楊耀強)**, aged 58, was appointed as an independent non-executive Director on 14 September 2021. He is responsible for supervising and providing independent advice to our Board.

Mr. Yeung has over 27 years of experience in the consumer, retail, food and beverage industries. Prior to joining our Group, from 1994 to 2007, he served in various senior positions including the chief financial officer of PT Sarimelati Kencana, the franchisee of Pizza Hut in Indonesia; the chief financial officer of Birdland Taiwan KFC; and the managing director of Birdland (Hong Kong) Limited, a franchisee of Kentucky Fried Chicken for Hong Kong and Macau. From October 2007 to December 2009, he served as the chief operating officer and an executive director of Little Sheep Group Limited, a company previously listed on the Main Board of the Stock Exchange (previous stock code: 968) and was subsequently privatised in February 2012 and is principally engaged in operating hotpot restaurants under the Little Sheep brand in Hong Kong and the PRC, where he was primarily responsible for managing the day-to-day operations for the company-operated and franchised restaurants. From April 2013 to September 2016, Mr. Yeung served as a non-executive director and member of the audit committee at International Housewares Retail Company Limited (“**IH Retail**”), a housewares retail chain with operations in Hong Kong, Singapore, Malaysia, PRC and Macau listed on the Main Board of the Stock Exchange (stock code: 1373), where he was primarily responsible for providing strategic advice and recommendations on the operations and management of the group. From March 2011 to December 2019, he served as an industrial adviser at EQT Funds Management Limited, a company principally engaged in global investment, where he was primarily responsible for providing advice on portfolio companies relating to food and consumer products. Since February 2014, he has been serving as a director of Shanghai Shihao Foods Co., Ltd.\* (上海世好食品有限公司) (formerly known as Shanghai Shihao Catering Management Co., Ltd.\* (上海世好餐飲管理有限公司)), a company principally engaged in operating the Jixiang Wonton (吉祥餛飩) brand in the PRC, where he is primarily responsible for providing strategic advice and recommendations on operations and management of the Group. Since August 2013, he has been serving as a director of CFB Group, a company principally engaged in operating the Dairy Queen and Papa John’s brands franchises and other local brands in the PRC, where he is primarily responsible for providing strategic advice and recommendations on operations and management of the Group. Since December 2018, Mr. Yeung has been serving as an independent non-executive director and a member of the audit, nomination and remuneration committees of IH Retail.

Mr. Yeung obtained a bachelor of science degree from the University of Oregon in the U.S. in March 1986. He obtained an executive master of business administration (master of management) degree jointly from J.L. Kellogg Graduate School of Management of Northwestern University in the U.S. and the School of Business and Management at Hong Kong University of Science and Technology in Hong Kong in November 2000.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Yeung was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

<u>Name of company</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
5G (HK) Limited	10 July 2020	Deregistration <sup>(1)</sup>	Defunct
Dynasty Network (HK) Limited	18 April 2019	Deregistration <sup>(1)</sup>	Defunct
4D Consulting Limited (四維顧問有限公司)	27 July 2012	Deregistration <sup>(2)</sup>	Defunct
Birdstore (Hong Kong) Limited	14 January 2005	Deregistration <sup>(2)</sup>	Defunct

*Notes:*

1. 5G (HK) Limited and Dynasty Network (HK) Limited were dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance. Mr. Yeung confirmed that, (i) these companies were solvent immediately prior to dissolution; (ii) no claims had been made against him and he was not aware of any threatened or potential claims made against him as at the Latest Practicable Date; and (iii) there were no outstanding claims and/or liabilities as a result of the deregistration of these companies as at the Latest Practicable Date.
2. 4D Consulting Limited and Birdstore (Hong Kong) Limited were dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance. Mr. Yeung confirmed that, (i) these companies were solvent immediately prior to dissolution; (ii) no claims had been made against him and he was not aware of any threatened or potential claims made against him as at the Latest Practicable Date; and (iii) there were no outstanding claims and/or liabilities as a result of the deregistration of these companies as at the Latest Practicable Date.

### SENIOR MANAGEMENT

**Mr. Yeung Siu Cheong (楊少昌)**, aged 53, is the business development director of our Group. He joined our Group in January 2019 and is primarily responsible for devising leasing strategies for the Hong Kong and overseas operations of our Group.

Mr. Yeung has over 26 years of business development experience in the food and beverage industry. Prior to joining our Group, from January 1995 to August 2004, he worked with and last served as a senior real estate representative at McDonald's Restaurants (Hong Kong) Limited, currently a franchisee of McDonald's Corporation ("McDonald's"), a company listed on the New York Stock Exchange (stock code: MCD), which is principally engaged in operating McDonald's fast food restaurant chains in Hong Kong, where he was primarily responsible for providing asset management including potential sites identification and lease renewals for the McDonald's brand restaurant chain in Hong Kong. From September 2004 to June 2007, he served as a leasing manager at The Dairy Farm Company Limited — Mannings, a member of The Dairy Farm International Group, a company listed on the London Stock Exchange (stock code: DFIB) with secondary listings on the Singapore Stock Exchange (stock code: D01) and Bermuda Stock Exchange (stock code: DFIBD.BH) and a pan-Asian retailer principally engaged in processing and wholesaling of food and personal hygiene products in the Asia Pacific region and in the PRC, where he was primarily responsible for planning and monitoring of retail site acquisition and negotiation of terms and conditions for Mannings stores, a personal healthcare chain in Hong Kong and Macau. From May 2008 to July 2012, he worked with and last served as a director in operation excellence for the central

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## DIRECTORS AND SENIOR MANAGEMENT

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region at Shanghai McDonald's Food Co., Ltd., currently a franchisee of McDonald's Corporation in the PRC, where he was primarily responsible for managing the human resources development of key personnel in the central region development and strategic alliance management.

Mr. Yeung obtained a bachelor's degree in Chinese from Lingnan College (now known as Lingnan University) in Hong Kong in November 1996. He also obtained a bachelor's degree in laws from the Peking University in the PRC in July 2001.

Mr. Yeung became a member of the Hong Kong Institute of Housing in November 2005. He was registered as a professional housing manager in Hong Kong by the Housing Managers Registration Board in December 2005. He also became a chartered member of the Chartered Institute of Housing in February 2006 and a professional member of The Royal Institution of Chartered Surveyors in December 2018.

**Ms. Tam Chui Ying (譚翠瑩)**, aged 37, is the senior business development manager of our Group. She joined our Group in September 2012 and is primarily responsible for managing our Group's site selection, rental negotiation, lease renewal, relocation and relationship with landlord.

Ms. Tam has over eight years of experience in the hospitality and food and beverage industries. Prior to joining our Group, from January 2005 to May 2005, she served as a cultural representative under the Cultural Representative Program at the Walt Disney World Resort, a theme park resort under the Disney Resort brand in Florida in the U.S., where she was primarily responsible for guest reception. From May 2005 to July 2006, she served as a host in food and beverage at the Hong Kong Disneyland Resort, a theme park and resort under the Disney Resort brand in Hong Kong, where she was primarily responsible for hosting guests.

Ms. Tam obtained an associate degree in business from the Hong Kong Community College of the Hong Kong Polytechnic University in Hong Kong in October 2006. She also obtained a bachelor of arts degree in business management from University of Northumbria at Newcastle, United Kingdom in July 2007 via distance learning.

Ms. Tam held an Estate Agent's License from the Estate Agents Authority from 2014 to 2020 and had been registered with of The Professional Insurance Brokers Association in Hong Kong from 2013 to 2019.

**Mr. Lau Chi Kwan (劉次軍)**, aged 57, is the general manager of Vennic. He joined our Group in November 2018 and is primarily responsible for overseeing the overall operations of restaurants under the SamGor brand, including strategic planning of the Hong Kong and overseas operations, formulating policies and brand building of the SamGor brand.

Mr. Lau has over 32 years of hospitality experience in the food and beverage industry. Prior to joining our Group, from January 1989 to November 1997, he worked in JW Marriott Hotel Hong Kong, a five-star hotel in Hong Kong, with his last position as an assistant headwaiter, where he was primarily responsible for daily restaurant operations. From August 1999 to August 2009, he worked at Maxim's Caterers Limited, a catering company, with his last position as an assistant food and beverage manager. From December 2009 to May 2015, he worked with and last served as a senior operations manager of the Japanese chain restaurants at Maxim's Caterers Limited. From June 2015 to April 2017, he served as an assistant operations director in the group food and beverage department at Miramar Hotel and Investment Company, Limited, a company listed on the Main Board of the Stock Exchange (stock code: 71), which is principally engaged in hotel, property rental, food and beverage and trading service activities in Hong Kong, where he was primarily responsible

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## DIRECTORS AND SENIOR MANAGEMENT

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for supervising operations of franchise and own brands and developing staff development programmes and overall business development of a franchise brand. From May 2017 to November 2018, he served as an assistant director of quality assurance and training at Café de Coral, where he was primarily responsible for managing hygiene, quality assurance and training.

Mr. Lau completed the basic food hygiene certificate for hygiene manager course at the School of Continuing and Professional Education of City University of Hong Kong in December 2005.

**Mr. Wu Ka Fai (胡家輝)**, aged 41, is the assistant general manager of Jointed-Heart. He first joined our Group in October 2015 as an operations manager, who worked until November 2016 and re-joined our Group in July 2019. He is primarily responsible for overseeing the overall operations of restaurants under the TamJai brand, including strategic planning of the Hong Kong and overseas operations, formulating policies and brand building of the TamJai brand.

Mr. Wu has over 23 years of experience in the food and beverage industry. Prior to joining our Group, from January 1998 to September 2015, he worked with and last served as a store manager at McDonald's, where he was primarily responsible for managing the overall store operation. From December 2016 to July 2019, he worked with and last served as a senior operations manager in Uni-China Investment & Development Co., Ltd., a company principally engaged in importing and distributing fresh meat and food in Hong Kong, where he was principally engaged in management of operations.

Mr. Wu obtained a certificate in business studies from the School of Continuing Education Hong Kong Baptist University in Hong Kong in December 2010. He also obtained an International Vocational Qualification (IVQ) advanced diploma in teaching, training and assessing learning (Chinese) from The City and Guilds of London Institute in the United Kingdom in January 2016. He also obtained a bachelor's degree in business administration from The University of Management and Technology in the U.S. in December 2016 via distance learning.

Mr. Wu was awarded the outstanding store manager award by McDonald's in April 2011, April 2012 and April 2013. He was awarded the Ray Kroc award by McDonald's in April 2012. He was also awarded the foundation award in management principles (Chinese) through Professional Training Association from The Institute of Leadership and Management in July 2015.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this prospectus.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (b) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

None of our Directors and senior management is personally related to any of our Directors, senior management, substantial shareholders or Controlling Shareholders.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPANY SECRETARY

**Ms. Wong Virginia (黃慧凝)**, aged 39, joined our Group and was appointed as our legal and company secretary on 1 April 2019 and is responsible for legal and company secretarial matters of our Company.

Ms. Wong has over 14 years of experience in legal, compliance and company secretarial areas. Prior to joining our Group, from June 2007 to June 2008, she last served as a junior paralegal at Stelux Holdings Limited (“**Stelux**”), a subsidiary of Stelux Holdings International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 83) and principally engaged in retail and wholesale of watches in Hong Kong and the PRC, where she was primarily responsible for legal and company secretarial matters of the company. From July 2008 to October 2010, she served as a legal and compliance officer at Epson Hong Kong Limited, a company principally engaged in the sales, marketing and services of Epson brand products, where she was primarily responsible for legal and compliance matters of the company. From October 2010 to April 2016, she re-joined Stelux and last served as an assistant manager for legal and company secretarial matters, where she was primarily responsible for legal and company secretarial functions of the company. From July 2016 to March 2019, Ms. Wong served as a senior legal associate at World First Asia Limited, an international payments company principally engaged in providing a foreign exchange platform for individual and international businesses, where she was primarily responsible for legal matters of the company.

Ms. Wong obtained a bachelor’s degree in laws from University of London in the United Kingdom in August 2010 via distance learning. She also obtained a master’s degree in corporate governance from The Open University of Hong Kong in April 2018. In September 2018, she was admitted as an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. In September 2018, she was also awarded The Chartered Governance Institute designations of chartered secretary and chartered governance professional.

### BOARD COMMITTEE

Our Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

#### **Audit Committee**

We established the Audit Committee on 14 September 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 14 to the Listing Rules (the “**CG Code**”). The Audit Committee consists of three members, namely Mr. Lee Kwok Ming, Mr. Loo Kwok Wing and Mr. Yeung Yiu Keung, all being independent non-executive Directors. The Audit Committee is chaired by Mr. Lee Kwok Ming. The primary duties of the Audit Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Remuneration Committee

We established the Remuneration Committee on 14 September 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code. The Remuneration Committee consists of four members, namely Mr. Lau Tat Man, our executive Director, Mr. Loo Kwok Wing, Mr. Lee Kwok Ming and Mr. Yeung Yiu Keung, all being independent non-executive Directors. The Remuneration Committee is chaired by Mr. Loo Kwok Wing. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to our Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to our Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; and (iv) considering and approving the grant of share awards and/or share options to eligible participants pursuant to the Share Award Scheme and/or Share Option Schemes.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of the Remuneration Committee.

### Nomination Committee

We established the Nomination Committee on 14 September 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee consists of four members, namely Mr. Lau Tat Man, our chairman, chief executive officer and executive Director, Mr. Lee Kwok Ming, Mr. Loo Kwok Wing and Mr. Yeung Yiu Keung, all being independent non-executive Directors. The Nomination Committee is chaired by Mr. Lau Tat Man. The primary function of the Nomination Committee is to review the structure, size and composition (including the skills, knowledge and experience) of our Board, make recommendations on any proposed changes to our Board to complement our corporate strategy and make recommendations to our Board on the appointment of members of our Board.

## CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole.

Our Company is committed to the view that our Board should include a balanced composition of executive, non-executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

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## DIRECTORS AND SENIOR MANAGEMENT

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Our Board includes three executive Directors, three non-executive Directors and three independent non-executive Directors. We believe our independent non-executive Directors possess sufficient experience as directors and members of the Audit Committee of listed companies in Hong Kong, which will provide our Board the benefit of their skills, expertise and varied backgrounds and qualifications to complement our corporate development. Each of them will also serve as members of our Audit Committee and will be responsible for overseeing our financial reporting system, risk management and internal control systems. Furthermore, they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders.

Our Board assumes the responsibility for overseeing the overall management and strategic planning of our Group through directing and supervising our affairs. Our Directors (including our independent non-executive Directors) will be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. Our Directors may make further enquiries for more information and have separate and independent access to our senior management and operational staff. There is also procedure in place to enable our Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at our expense, to assist them perform their duties to our Company.

According to code provision A.2.1 of the CG Code in Appendix 14 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lau Tat Man is currently the chairman and chief executive officer of our 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 our Group since October 2018, our Board believes that it is in the best interest of our Group to have Mr. Lau taking up both roles for effective management and operations. Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committee, and there are three independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Our Directors are aware that upon Listing, we are expected to comply with the code provisions stated in the CG Code. Any deviation from the code provisions, including the aforesaid deviation, shall however be carefully considered, and the reasons for any deviation shall be given in the interim report and the annual report in respect of relevant period. Save as the aforesaid, we will comply with the code provisions set out in Appendix 14 to the Listing Rules after the Listing.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors and senior management, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary, cash bonus and other allowance.

The aggregate amount of remuneration including fees, salaries, allowances and benefits in kind, performance related bonuses and pension scheme contribution which were paid to our Directors for the Track Record Period, was approximately HK\$2.6 million, HK\$4.4 million and HK\$4.7 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of remuneration including salaries, allowances, and benefits in kind and pension scheme contributions which were paid by our Group to our five highest paid individuals for the Track Record Period were approximately HK\$3.2 million, HK\$5.6 million and HK\$6.4 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind, share-based payments and pension scheme contributions, but excluding discretionary bonuses) of our Directors for the year ending 31 March 2022 is estimated to be no more than HK\$15.2 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

### BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognises the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity.

Our Directors have a balanced mix of experiences, including overall management, brand improvement, business development, legal, finance, auditing and accounting experiences. The ages of our Directors range from 44 years old to 63 years old. While our Group recognises that the gender diversity at the Board level can be improved given its current composition of eight males and one female, our Group will continue to apply the principle of appointments based on merits with reference to our board diversity policy as a whole and our Group will continue to take steps to promote gender diversity at all levels of our Company.



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## DIRECTORS AND SENIOR MANAGEMENT

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After Listing, our Nomination Committee will review the board diversity policy and its implementation from time to time and at least once annually to ensure its implementation and monitor its continued effectiveness, and we will report annually to our Shareholders in our corporate governance report our board diversity policy, the results of review by the Nomination Committee, any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives in accordance with the Listing Rules after Listing.

### SHARE AWARD SCHEME

We have adopted the Share Award Scheme, the purpose of which is to recognise the contribution of certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group. For details, please see the section headed “Statutory and general information — D. Share Incentive Schemes — 1. Share Award Scheme” in Appendix IV to this prospectus for details of the Share Option Scheme.

### PRE-IPO SHARE OPTION SCHEME

We have conditionally adopted the Pre-IPO Share Option Scheme, the purpose of which is to recognise the contribution of certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For details, please see the section headed “Statutory and general information — D. Share Incentive Schemes — 2. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus for details of the Pre-IPO Share Option Scheme.

### POST-IPO SHARE OPTION SCHEME

We have conditionally adopted the Post-IPO Share Option Scheme, the purpose of which is to recognise the contribution of certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Please refer to “Statutory and general information — D. Share Incentive Schemes — 3. Post-IPO Share Option Scheme” in Appendix IV to this prospectus for details of the Post-IPO Share Option Scheme.

### COMPLIANCE ADVISER

We have appointed China Tonghai Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an enquiry of us regarding unusual movements in the price or trading volume of our Shares.

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## DIRECTORS AND SENIOR MANAGEMENT

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Pursuant to the engagement letter entered into between our Company and China Tonghai Capital Limited, we will pay a quarterly advisory fee of HK\$100,000 to China Tonghai Capital Limited for their appointment as our compliance adviser. The term of the appointment will commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

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## SHARE CAPITAL

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All of the issued shares in our Company comprise fully paid ordinary shares. Pursuant to the Companies Ordinance, with effect from 3 March 2014, companies incorporated in Hong Kong no longer have an authorised share capital and there is no longer the concept of par value in respect of issued shares. Accordingly, our Company does not have authorised share capital and our Shares have no par value.

As at the Latest Practicable Date, our Company's issued and paid-up share capital was HK\$10,050.24.

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme):

<b>Issued and to be issued, fully paid or credited as fully paid:</b>	
Shares in issue as at the date of this prospectus	1,005,024,000
Shares to be issued under the Global Offering	<u>335,008,000</u>
<b>Total</b>	<u><u>1,340,032,000</u></u>

Given that the Over-allotment Option is expected to be granted by the Selling Shareholder to the International Underwriters such that it may be required to sell up to 50,251,000 Sale Shares if the Over-allotment Option is exercised in full, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, there shall be no change in the issued share capital of our Company upon exercise of the Over-allotment Option.

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme, any options which may be granted under the Post-IPO Share Option Scheme or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

### RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with the total number of issued shares of not more than the sum of:

- (1) 20% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme); and
- (2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buy back Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Schemes.

This general mandate will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to "Statutory and general information — A. Further information about our Group — 4. Resolutions in writing of our Shareholders passed on 14 September 2021" in Appendix IV to this prospectus for further details of this general mandate.

### GENERAL MANDATE TO BUY BACK SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme).

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. Please refer to "Statutory and general information — A. Further information about our Group — 5. Buyback by our Company of our own securities" in Appendix IV to this prospectus for summary of the relevant Listing Rules.

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## SHARE CAPITAL

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This general mandate will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to “Statutory and general information — A. Further information about our Group — 4. Resolutions in writing of our Shareholders passed on 14 September 2021” in Appendix IV to this prospectus for further details of this general mandate.

### SHARE AWARD SCHEME

Pursuant to the written resolutions of our then sole Shareholder dated 25 March 2021, we conditionally approved and adopted the Share Award Scheme. Please refer to “Statutory and general information — D. Share Incentive Schemes — 1. Share Award Scheme” in Appendix IV to this prospectus for a summary of the principal terms of the Share Award Scheme.

### SHARE OPTION SCHEMES

Pursuant to the written resolutions of our then sole Shareholder dated 25 March 2021, we conditionally approved and adopted the Share Option Schemes. Please refer to “Statutory and general information — D. Share Incentive Schemes — 2. Pre-IPO Share Option Scheme and 3. Post-IPO Share Option Scheme” in Appendix IV to this prospectus for a summary of the principal terms of the Share Option Schemes.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Companies Ordinance and the Articles of Association, our Company may from time to time by ordinary Shareholders' resolution (i) increase its capital; (ii) convert all or any of its Share into a larger or smaller number of existing Shares; (iii) divide its Shares into classes; (iv) subdivide its Shares; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce its share capital by Shareholders' special resolution. For details, please refer to “Summary of Articles of Association — Changes in capital” in Appendix III to this prospectus.

Further, all or any of the special rights (unless otherwise provided by the terms of issue) attached to our Shares or any class of Shares may be varied or abrogated either with the consent in writing of the holders of not less than 75% of the total voting rights of the holders of the Shares or Shares of that class, or with the sanction of a special resolution passed at a general meeting of the holders of the Shares or at a separate general meeting of the holders of the Shares of that class. For details, please refer to “Summary of Articles of Association — Modification of Rights” in Appendix III to this prospectus.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme and assuming the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholders	Nature of interest	Shares held as at the date of this prospectus and immediately prior to the completion of the Global Offering <sup>(1)</sup>		Shares held immediately following the completion of the Global Offering <sup>(1)</sup>	
		Number	Approximate Percentage	Number	Approximate Percentage
Toridoll HK	Beneficial Owner <sup>(2)</sup>	1,000,000,000 Shares (L)	99.50%	1,000,000,000 Shares (L)	74.63%
Toridoll Japan	Interest in a controlled corporation <sup>(2)(3)</sup>	1,000,000,000 Shares (L)	99.50%	1,000,000,000 Shares (L)	74.63%
Mr. Awata	Interest in a controlled corporation <sup>(2)</sup>	1,000,000,000 Shares (L)	99.50%	1,000,000,000 Shares (L)	74.63%
Mrs. Awata	Interest of spouse <sup>(3)</sup>	1,000,000,000 Shares (L)	99.50%	1,000,000,000 Shares (L)	74.63%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Toridoll HK is wholly owned by Toridoll Japan, which was in turn owned as to approximately 31.54% by Mr. Awata as at the Latest Practicable Date. By virtue of the SFO, each of Toridoll Japan and Mr. Awata is deemed to be interested in the Shares held by Toridoll HK.
- (3) Mrs. Awata is the spouse of Mr. Awata. By virtue of the SFO, Mrs. Awata is deemed to be interested in the Shares in which Mr. Awata is interested.

If the Over-allotment Option is fully exercised, the interest of each of Toridoll HK, Toridoll Japan, Mr. Awata and Mrs. Awata in our Shares will be approximately 70.88%, 70.88%, 70.88% and 70.88%, respectively.

Except as disclosed above in this section, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme and assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

## FINANCIAL INFORMATION

*You should read this section in conjunction with our consolidated financial information as at and for the years ended 31 March 2019, 2020 and 2021, including the notes thereto, as set out in the “Accountants’ Report” in Appendix I to this prospectus and the selected historical consolidated financial information and operating data included in elsewhere in the prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs.*

*The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and projections depends on a number of risks and uncertainties over which we do not have control. Please refer to “Risk factors” and “Forward-looking statements” in this prospectus for discussion of those risks and uncertainties.*

### OVERVIEW

We are a leading and renowned restaurant chain operator of the TamJai (譚仔雲南米線) and SamGor (譚仔三哥米線) branded fast casual restaurant chain in Hong Kong with operations also in Mainland China and Singapore, specialising in mixian. As at the Latest Practicable Date, we operated a total of 156 restaurants comprising 76 TamJai restaurants and 74 SamGor restaurants covering all 18 districts across Hong Kong Island, Kowloon and New Territories, three TamJai restaurants in Mainland China and three SamGor restaurants in Singapore.

During the Track Record Period, we had managed to sustain growth in terms of restaurant number and maintain our financial performance at a relatively stable level. From the beginning of the Track Record Period to the Latest Practicable Date, the number of our restaurants had grown by 45.8% from 107 to 156 restaurants. For the years ended 31 March 2019, 2020 and 2021, we recorded a revenue of HK\$1,556.2 million, HK\$1,691.2 million and HK\$1,794.7 million, respectively. During the same years, our profit for the year amounted to HK\$197.7 million, HK\$190.9 million and HK\$287.8 million, respectively. According to Euromonitor, we have achieved market share growth as compared to 2019 and maintained a competitive market position as follows:

Market segment in Hong Kong	2019			2020		
	Ranking	Market share	Market segment size in sale value (HK\$ billion)	Ranking	Market share	Market segment size in sale value (HK\$ billion)
Asian noodle specialty restaurants	No. 1	58.5%	2.9	No. 1	64.4%	2.6
Fast casual restaurants	No. 2	6.6%	25.5	No. 2	10.0%	17.7
Casual restaurants	No. 5	2.5%	68.0	No. 3	4.0%	41.6

*Note:* According to Euromonitor, Asian noodle specialty restaurants are a cuisine-based specialised sub-segment and can therefore operate under various sub-categories of the consumer food service industry. In Hong Kong, Asian noodle specialty restaurants are typically a sub-segment of fast casual restaurants, while fast casual restaurants are a sub-segment of casual restaurants.

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## FINANCIAL INFORMATION

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### BASIS OF PRESENTATION AND PREPARATION

Our Company is a private limited company incorporated in Hong Kong on 5 May 2015. During the Track Record Period, the principal activities of our Group were carried out by various entities controlled by Toridoll Holdings Corporation, our ultimate holding company. To rationalise the corporate structure in preparation of the Listing, our Group underwent an internal restructuring through a series of amalgamations during the Track Record Period, details of which are set forth in the section headed “History, development and corporate structure” in this prospectus. Upon the completion of the internal restructuring, our Company became the holding company of the companies now comprising our Group. As the principal activities of our Group were ultimately controlled by Toridoll Japan during the Track Record Period and before and after the internal restructuring. Such a control is not transitory and consequently, there was a continuation of risks and benefits to Toridoll Japan. Accordingly, our historical financial information has been prepared and presented using the merger basis of accounting as if our Group had always been in existence and consolidated by our Company using the existing book values from our immediate holding company’s perspective. Our consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements include the financial performance and cash flows of our Group for the Track Record Period, as if the current group structure had been in existence and remained unchanged throughout the Track Record Period, or where a company now comprising our Group was incorporated or acquired during the Track Record Period, for the period from the date of incorporation or acquisition to the end of the Track Record Period. Our consolidated statements of financial position as at 31 March 2019, 2020 and 2021 have been prepared to present the state of affairs of our Group as at those dates as if the current group structure had been in existence as at the respective dates, or where a company now comprising our Group was incorporated or acquired during the Track Record Period, as if the combination had occurred from the date when that company first came under the control of our immediate holding company.

We have prepared our historical financial information for the Track Record Period in accordance with HKFRSs issued by HKICPA under the historical cost basis. Our historical financial information also complies with the applicable disclosures of the Listing Rules. For more information on the basis of presentation of the financial information included in this section, please refer to “Accountants’ Report — Notes to the historical financial information — 1 Basis of preparation and presentation of historical financial information” set out in Appendix I to this prospectus.

### SIGNIFICANT ACCOUNTING POLICIES

For the purpose of preparing our historical financial information, we have adopted all applicable new and revised HKFRSs consistently throughout the Track Record Period including HKFRS 9, *Financial Instruments*, HKFRS 15, *Revenue from contracts with customers*, HKFRS 16, *Leases and Amendments to HKFRS 16, Covid-19-Related Concessions*, except for any new standards or interpretations that are effective for accounting periods beginning on or after 1 April 2021.

The adoption of HKFRS 16 primarily affects our accounting for operating leases for our restaurants, central kitchen and office buildings, where we act as a lessee. Under HKFRS 16, we, as a lessee, recognise right-of-use assets and lease liabilities on the statement of financial position for all the fixed-rate leases, except for short-term leases with lease term of 12 months or less and leases of low value items. The adoption of HKFRS 16 has an impact on the recognition of right-of-use assets and lease liabilities as well as the recognition of depreciation charges of right-of-use assets and interest expense on lease liabilities. Under HKAS 17, rental expenses under operating leases are



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## FINANCIAL INFORMATION

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recognised as expenses under a straight-line method throughout the lease term. For further details, please refer to “Accountants’ Report — Notes to the historical financial information — 2 Significant accounting policies” in Appendix I to this prospectus.

We have identified certain accounting policies as set forth below, which we consider are significant in the preparation of our financial information.

### **Revenue and other income**

We classify income as revenue when it arises from the sale of goods or the provision of services in the ordinary course of our business. We recognise revenue when control over a product or service is transferred to our customer. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of our revenue and other income recognition policies are as follows:

#### ***Revenue from restaurant operations — sale of food and beverages***

We recognise revenue from the operation of restaurants which provide catering services at a point in time when the services are rendered.

#### ***Other revenue — interest income***

We recognise interest income as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

#### ***Other revenue — government grants***

We recognise government grants when there is reasonable assurance that we will be received and that we will comply with the conditions attaching to them. We recognise grants that compensate our expenses incurred as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

### **Leases**

We assess whether a contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether:

- (i) the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (ii) we have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

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## FINANCIAL INFORMATION

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- (iii) we have the right to direct the use of the asset. We have this right when we have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, we have the right to direct the use of the asset if either (a) we have the right to operate the asset; or (b) we design the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains lease and non-lease components, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which we are a lessee, we have elected to separate non-lease components and account for the lease and non-lease components separately.

### *We as a lessee*

We recognise a right-of-use asset and a lease liability on the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. We determine the estimated useful lives of right-of-use assets on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. Generally, we use our incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method and remeasured when (i) there is a change in future lease payments arising from a change in an index or a rate; (ii) if there is a change our estimate of the amount expected to be payable under a residual value guarantee; or (iii) if we change our assessment of whether we will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, we make a corresponding adjustment to the carrying amount of the right-of-use asset, or record in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“**lease modification**”) that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate on the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16, *Leases*. In such cases, we take advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognise the change in consideration as if it were not a lease modification.

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## FINANCIAL INFORMATION

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### Property, plant and equipment

We state property, plant and equipment at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

● Leasehold improvements	Remaining term of the tenancy leases
● Furniture and fixture	20% or 30%
● Machinery and equipment	20% or 30%
● Computer equipment	20% or 30%
● Motor vehicles	25%

We review the useful life of an asset and its residual value, if any, annually. Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

### KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of our accounting policies as disclosed in “Accountants’ Report — Notes to the historical financial information — 2 Significant accounting policies” in Appendix I to this prospectus, we are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Our Directors have confirmed that we did not experience any material deviations between our accounting estimates and actual results and did not materially change our accounting estimates during the Track Record Period.

We evaluate and review our estimates and judgments on an ongoing basis. Our management does not expect any material changes in our accounting estimates in the foreseeable future. The following are the key estimates and assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months:

### Impairment of right-of-use assets and property, plant and equipment

We review internal and external sources of information at the end of each reporting period to assess whether there is any indication that right-of-use assets and property, plant and equipment may be impaired. If any such indication exists, we estimate the recoverable amount of the right-of use assets and property, plant and equipment. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

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## FINANCIAL INFORMATION

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### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, some of which are beyond our control, including those factors set out in the section headed “Risk factors” in this prospectus and those set out below. Accordingly, our historical financial results may not be indicative of our future performance and our management’s assessment of the prospects of our Group. The key factors affecting our results of operations include, among other factors, the following:

#### **Impact of COVID-19 outbreak and the relevant government measures**

Since the outbreak of COVID-19, the Hong Kong government has implemented various measures related to restaurants to prevent local transmission of COVID-19, including, among others, (i) requiring tables to be separated for a certain distance and be installed with partitions; (ii) restricting the number of customers that can be served per table; and (iii) prohibiting the provision of dine-in services completely and during certain hours, which have materially and adversely affected our dine-in services and the food and beverage industry as a whole. In the event that there are confirmed cases of COVID-19 of our restaurant staff or customers, we may be subject to temporary closure of business. There is no guarantee that the COVID-19 pandemic will be effectively contained and controlled or that the demand for dining-in services will return to normal levels in the short term. For details, please refer to the sections headed “Business — The impact of the COVID-19 pandemic” and “Risk factors — Risks relating to our business — We are susceptible to outbreak epidemic and/or pandemic of infectious or contagious diseases, diseases of animals, food-borne illnesses as well as negative publicity relating to such incidents”.

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### Number of restaurants in operation

During the Track Record Period, we generated all of our revenue from restaurant operations, which was largely affected by the number of restaurants in operation in each of the years. Our future growth is also dependent on our ability to open new restaurants and expand our restaurant network within and outside Hong Kong to capture any market opportunities. The following table sets forth the changes in the number of restaurants by geographic location for the years/period indicated:

	Year ended 31 March			From 1 April 2021 up to the Latest Practicable Date
	2019	2020	2021	
<b>Hong Kong</b>				
Year/period beginning restaurant count	107	107	125	144
Opened during the year/period <sup>(1)</sup>	3	23	22	7
Closed during the year/period <sup>(2)</sup>	(3)	(5)	(3)	(1)
Year/period end restaurant count	107	125	144	150
<b>Mainland China</b>				
Year/period beginning restaurant count	—	—	—	—
Opened during the year/period <sup>(1)</sup>	—	—	—	3
Closed during the year/period <sup>(2)</sup>	—	—	—	—
Year/period end restaurant count	—	—	—	3
<b>Singapore</b>				
Year/period beginning restaurant count	—	—	—	3
Opened during the year/period <sup>(1)</sup>	—	—	3	—
Closed during the year/period <sup>(2)</sup>	—	—	—	—
Year/period end restaurant count	—	—	3	3
<b>Total</b>	<b>107</b>	<b>125</b>	<b>147</b>	<b>156</b>

*Notes:*

- (1) Includes restaurants which were opened as a result of relocation.
- (2) For the years ended 31 March 2019, 2020 and 2021 and the period from 1 April 2021 up to the Latest Practicable Date, we closed three, five, three and one restaurants, respectively. Among these 12 restaurants closed during the Track Record Period, (i) six restaurants were closed due to relocation for the reasons that (a) alternative locations were identified which we believe we could achieve better sales performance and cost efficiency, or (b) we were requested by our landlord to relocate for the overall planning of the shopping mall in which our restaurant was located; (ii) one restaurant was closed due to non-renewal of the lease by the landlord; (iii) three restaurants were closed due to redevelopment or renovation of the properties in which the restaurants were located; and (iv) two restaurants were closed due to under-performance. None of these 12 restaurants was closed due to cannibalisation.

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Our results of operation is also dependent on the performance of our restaurants, in particular our newly-opened restaurants. Our new restaurants generally require a period of time to reach the planned operating levels due to start-up inefficiencies typically associated with new restaurants. For details, please refer to the section headed “Risk factors — Opening of new restaurants could affect our financial performance”. As at 31 March 2021, the range of breakeven period, being the period required for a restaurant to achieve breakeven point, i.e. its monthly revenue at least equals to its monthly operating expenses, of the restaurants opened during the Track Record Period was approximately one to five months. Depending on the size, location, initial investment cost, operating performance and recent incidents which had resulted in a downturn in the economy such as the social movements in Hong Kong in the second half of 2019 and the outbreak of COVID-19, the range of our investment payback period, being the period required for the accumulated operating cash flow generated from a restaurant to equate the initial fixed assets costs of opening, of the restaurants opened during the Track Record Period was approximately four to 19 months. For details, please refer to the section headed “Business — Our restaurants — Breakeven and investment payback period” in this prospectus. The following table sets forth our revenue generated from restaurants in operation throughout the year, restaurants newly opened during the year, restaurants closed during the year and restaurants renovated during the year for the years indicated:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from restaurants in full operation throughout the year	1,525,801	1,408,420	1,573,563
Revenue from restaurants newly opened during the year <sup>(1)</sup>	8,189	156,868	163,344
Revenue from restaurants renovated during the year <sup>(2)</sup>	11,918	91,786	52,140
Revenue from restaurants closed during the year	10,265	34,105	5,646
<b>Total</b>	<b>1,556,173</b>	<b>1,691,179</b>	<b>1,794,693</b>

*Notes:*

- (1) Includes revenue from the newly opened restaurants as a result of relocation.
- (2) Includes revenue from restaurants that suspended operation for more than 30 days during a period due to renovation.

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### Operating performance of our comparable restaurants

In addition to the expansion of our restaurant network, our revenue and results of operation depend in part on our ability to generate stable revenue from our existing restaurants, which could be measured by the performance of our comparable restaurants. We define our comparable restaurants as those restaurants in full operation throughout the periods under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the periods concerned. The performance of our comparable restaurants is affected by, among other things, economic conditions (including the impact of social movements in Hong Kong in the second half of 2019 and the COVID-19 outbreak), our menu mix and pricing, customers' tastes and spending patterns in our comparable restaurants. For the years ended 31 March 2019 and 2020, our revenue from comparable restaurants amounted to HK\$1,339.6 million, HK\$1,357.0 million, respectively. For the years ended 31 March 2020 and 2021, our revenue from comparable restaurants amounted to HK\$1,345.0 million and HK\$1,219.2 million, respectively. The decrease in our revenue from comparable restaurants for the year ended 31 March 2021 was primarily affected by the outbreak of COVID-19. For further details, please refer to the section headed "Business — Our restaurants — Operating performance of our comparable restaurants".

### Cost of food and beverages consumed

During the Track Record Period, our cost of food and beverages consumed constituted a substantial portion of our operating costs and amounted to HK\$375.0 million, HK\$385.3 million and HK\$411.5 million for the years ended 31 March 2019, 2020 and 2021, respectively, representing 24.1%, 22.8% and 22.9% of our total revenue for the respective years. We primarily source our food ingredients from suppliers in Hong Kong and Mainland China. The supply and cost of our major food ingredients are affected by macroeconomic conditions, seasonality, supply and our purchase quantity. There is no assurance that the supply and cost of food ingredients will always remain stable. In the event that the cost of food and beverages consumed increases due to external factors and that we cannot mitigate such increase by means including replacing the food items with close substitutes, or we may be unwilling or unable to pass the increase in cost onto our customers, our operations and profitability may be adversely affected.

For illustration purposes only, the following table sets forth a sensitivity analysis to illustrate the impact of hypothetical increase/decrease in our cost of food and beverages on our profit before tax for the years indicated, with all other factors remaining constant. Fluctuations in our cost of food and beverages consumed are assumed to be 1.0% and 5.0% based on the extent of fluctuation in the cost of food and beverages consumed during the Track Record Period.

	<b>Impact on our profit before tax</b>		
	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assuming cost of food and beverages consumed</b>			
<b>increase/decrease by:</b>			
+/-1%	-/+ 3,750	-/+ 3,853	-/+ 4,115
+/-5%	-/+ 18,750	-/+ 19,263	-/+ 20,573

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## FINANCIAL INFORMATION

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### Staff costs

Our success, to a considerable extent, depends on our ability to attract, motivate and retain our employees, including our management team, headquarters staff, restaurant staff and central kitchen staff. During the Track Record Period, our staff costs accounted for a significant portion of our operating costs and amounted to HK\$477.0 million, HK\$538.8 million and HK\$559.4 million for the years ended 31 March 2019, 2020 and 2021, respectively, representing 30.7%, 31.9% and 31.2% of our total revenue for the respective years. Over the years, the wages of restaurant staff generally increased due to the labour shortage across the consumer food service industry and the increase of statutory minimum wages. The prevailing level of the statutory minimum wage raised from HK\$34.5 to HK\$37.5 per hour effective since May 2019. Despite the fact that we have maintained flexible staff arrangement, the rising staff costs in Hong Kong would certainly pose a challenge to our management. During the Track Record Period, our staff costs as a percentage of revenue remained relatively stable.

For illustration purposes only, the following table sets forth a sensitivity analysis to illustrate the impact of hypothetical increase/decrease in our staff costs on our profit before tax for the years indicated, with all other factors remaining constant. Fluctuations in our staff costs are assumed to be 7% and 13% based on the extent of fluctuation in the staff costs during the Track Record Period.

	<b>Impact on our profit before tax</b>		
	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assuming staff costs</b>			
<b>increase/decrease by:</b>			
+/-7%	-/+ 33,388	-/+ 37,716	-/+ 39,161
+/-13%	-/+ 62,006	-/+ 70,044	-/+ 72,727

### Leased properties expenses

We do not have any self-owned properties and all of our premises including our restaurants, headquarters and central kitchen are leased properties. The adoption of HKFRS16 gives rise to the depreciation of the right-of-use assets charged over the life of a lease on a straight line basis instead of the recognition of lease payments as rental expenses under HKAS17. During the Track Record Period, our depreciation of right-of-use assets, rental and related expenses and interest on lease liabilities in aggregate (the “**leased properties expenses**”) amounted to HK\$293.3 million, HK\$331.1 million and HK\$374.4 million, representing 18.8%, 19.6% and 20.9% of our total revenue for the years ended 31 March 2019, 2020 and 2021, respectively. Most of the lease agreements for our restaurants typically have an initial lease term of three years with or without options to renew.

For illustration purposes only, the following table sets forth a sensitivity analysis to illustrate the impact of hypothetical increase/decrease in our leased properties expenses on our profit before tax for the years indicated, with all other factors remaining constant. Fluctuations in our leased properties expenses are assumed to be 7% and 13% based on the extent of fluctuation in the leased properties expenses during the Track Record Period.



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	Impact on our profit before tax		
	Year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assuming leased properties expenses increase/ decrease by:</b>			
+ /-7%	- / + 20,528	- / + 23,178	- / + 26,208
+ /-13%	- / + 38,123	- / + 43,044	- / + 48,671

### RESULTS OF OPERATIONS

The following table summarises the consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
<b>Revenue</b>	1,556,173	100.0	1,691,179	100.0	1,794,693	100.0
Cost of food and beverages consumed	(374,990)	(24.1)	(385,267)	(22.8)	(411,464)	(22.9)
Other revenue	1,522	0.1	5,922	0.4	168,631	9.4
Other net gain/(loss)	161	0.0	(1,647)	(0.1)	(837)	(0.0)
Staff costs	(476,973)	(30.7)	(538,800)	(31.9)	(559,442)	(31.2)
Depreciation of owned property, plant and equipment	(40,610)	(2.6)	(46,192)	(2.7)	(66,482)	(3.7)
Depreciation of right-of-use assets, rental and related expenses	(282,111)	(18.1)	(318,978)	(18.9)	(359,907)	(20.1)
Utilities expenses	(39,411)	(2.5)	(42,057)	(2.5)	(36,135)	(2.0)
Consumables and packaging	(19,716)	(1.3)	(27,615)	(1.6)	(48,818)	(2.7)
Repairs and maintenance	(11,479)	(0.7)	(12,378)	(0.7)	(12,067)	(0.7)
Handling charges	(4,352)	(0.3)	(25,916)	(1.5)	(55,468)	(3.1)
Cleaning expenses	(8,280)	(0.5)	(11,362)	(0.7)	(14,147)	(0.8)
Listing expenses	—	—	—	—	(7,231)	(0.4)
Other expenses	(51,553)	(3.3)	(45,754)	(2.7)	(56,586)	(3.2)
Finance costs	(11,145)	(0.7)	(12,132)	(0.7)	(14,489)	(0.8)
<b>Profit before taxation</b>	237,236	15.2	229,003	13.6	320,251	17.8
Income tax expense	(39,527)	(2.5)	(38,107)	(2.3)	(32,459)	(1.8)
<b>Profit for the year</b>	<u>197,709</u>	12.7	<u>190,896</u>	11.3	<u>287,792</u>	16.0

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### DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Revenue

During the Track Record Period, we generated all of the revenue from restaurant operations under two self-owned brands, namely TamJai and SamGor and we derived substantially all of our revenue in Hong Kong. In 2020, we expanded our geographic presence outside Hong Kong and opened three restaurants under the SamGor brand in Singapore. In April 2021, we further expanded our geographic reach and opened two restaurants under TamJai brand in Shenzhen, China. Our Directors believe that our current and future growth in revenue will largely depend on the continuous expansion of our brands within and outside Hong Kong.

Our total revenue amounted to HK\$1,556.2 million, HK\$1,691.2 million and HK\$1,794.7 million for the years ended 31 March 2019, 2020 and 2021, respectively. Our revenue fluctuation was primarily attributable to the combined effect of (i) the number of restaurants in operation during the respective years; (ii) the total customers served at each of our restaurants; and (iii) the average spending per customer.

The following table sets forth a breakdown of the number of restaurants in operation as at the dates, and our total revenue by brand and by geographic location for the years indicated:

	As at or for the year ended 31 March								
	2019			2020			2021		
	<i>Number of restaurants</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of restaurants</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of restaurants</i>	<i>HK\$'000</i>	<i>%</i>
<b>TamJai</b>									
Hong Kong	53	825,654	53.1	62	856,993	50.7	72	890,300	49.6
Subtotal	53	825,654	53.1	62	856,993	50.7	72	890,300	49.6
<b>SamGor</b>									
Hong Kong	54	730,519	46.9	63	834,186	49.3	72	893,461	49.8
Singapore	—	—	—	—	—	—	3	10,932	0.6
Subtotal	54	730,519	46.9	63	834,186	49.3	75	904,393	50.4
<b>Total</b>	<b>107</b>	<b>1,556,173</b>	<b>100.0</b>	<b>125</b>	<b>1,691,179</b>	<b>100.0</b>	<b>147</b>	<b>1,794,693</b>	<b>100.0</b>

Our revenue from TamJai brand amounted to HK\$825.7 million, HK\$857.0 million and HK\$890.3 million for the years ended 31 March 2019, 2020 and 2021, respectively, contributing 53.1%, 50.7% and 49.6% of our total revenue for the respective years. The increase in revenue from TamJai brand for the year ended 31 March 2020 was mainly attributable to (i) the increase in revenue from the new TamJai restaurants; and (ii) the increase in average spending per customer of our TamJai brand, partially offset by (iii) the decrease in total customers served at our comparable restaurants affected by the social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020. The increase in revenue from TamJai brand for the year ended 31 March 2021 was mainly attributable to (i) the increase in revenue from the expansion of our TamJai restaurant network, partially offset by (ii) the decrease in total customers

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served at our comparable restaurants affected by the dine-in restrictions and social distancing measures amidst COVID-19 pandemic; and (iii) the decrease in average spending per customer of our TamJai brand.

Our revenue from SamGor brand amounted to HK\$730.5 million, HK\$834.2 million and HK\$904.4 million for the years ended 31 March 2019, 2020 and 2021, respectively, contributing 46.9%, 49.3% and 50.4% of our total revenue for the respective years. The increase in revenue from SamGor brand for the year ended 31 March 2020 was mainly attributable to (i) the increase in revenue from the new SamGor restaurants; (ii) the increase in average spending per customer of our SamGor brand; partially offset by (iii) the decrease in total customers served at our comparable restaurants impacted by the social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020. The increase in revenue from SamGor brand for the year ended 31 March 2021 was mainly attributable to (i) the increase in revenue from the expansion of our SamGor restaurant network; and (ii) the increase in average spending per customer of our SamGor brand; partially offset by (iii) the decrease in total customers served at our comparable restaurants affected by the dine-in restrictions and social distancing measures amidst the outbreak of COVID-19.

The following table sets forth a breakdown of our revenue from dine-in orders and takeaway and delivery orders for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Dine-in	1,234,864	79.4	1,225,784	72.5	903,994	50.4
Takeaway and delivery <sup>(1)</sup>	<u>321,309</u>	<u>20.6</u>	<u>465,395</u>	<u>27.5</u>	<u>890,699</u>	<u>49.6</u>
<b>Total</b>	<u><u>1,556,173</u></u>	<u><u>100.0</u></u>	<u><u>1,691,179</u></u>	<u><u>100.0</u></u>	<u><u>1,794,693</u></u>	<u><u>100.0</u></u>

*Note:*

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

During the Track Record Period, our revenue from dine-in services decreased, primarily affected by the social movements in Hong Kong in the second half of 2019 and the dine-in restrictions imposed by the Hong Kong government during the outbreak of the COVID-19 since early 2020 which included, among others, (i) requiring tables to be separated by a certain distance and be installed with partitions; (ii) restricting the number of customers that can be served per table and the total number of customers to be served at one time; and (iii) prohibiting the provision of dine-in services completely and during certain hours. The effect was partially offset by the increase in number of our restaurants in operation as we continued to expand our restaurant network.

Our revenue from takeaway and delivery services increased during the Track Record Period, primarily due to (i) the impact of COVID-19 pandemic, where our loss in dine-in orders was substantially compensated by our takeaway and delivery services; and (ii) the cooperation with certain online delivery platforms for TamJai brand and SamGor brand since September 2018 and March 2019, respectively, which provided door-to-door delivery services of our products. According to Euromonitor, in light of the outbreak of COVID-19, food delivery has become popular in 2020 as

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outings and social gatherings were minimised to prevent COVID-19 infections. There has also been an increasing demand for food deliveries in areas outside the central business districts as businesses have adopted work-from-home arrangements.

The following table sets forth a breakdown of our revenue by major product type for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HKS'000</i>	%	<i>HKS'000</i>	%	<i>HKS'000</i>	%
Mixian and toppings	1,148,757	73.8	1,244,155	73.5	1,343,086	74.9
Snacks	261,279	16.8	283,299	16.8	298,335	16.6
Drinks	115,689	7.4	121,433	7.2	108,037	6.0
Others <sup>(1)</sup>	30,448	2.0	42,292	2.5	45,235	2.5
<b>Total</b>	<b>1,556,173</b>	<b>100.0</b>	<b>1,691,179</b>	<b>100.0</b>	<b>1,794,693</b>	<b>100.0</b>

*Note:*

- (1) Includes breakfast items offered in certain of our restaurants. For the years ended 31 March 2019, 2020 and 2021, we served breakfast at 14, 15 and 18 of our TamJai restaurants, respectively, and one, one and three of our SamGor restaurants, respectively.

For the year ended 31 March 2021, despite the growth in the sale of drinks and snacks by volume of 5.4% and 30.8%, respectively, our revenue from drinks decreased by 11.0% and that from snacks increased slightly by 5.3% as compared to the previous year, primarily as we offered value snacks/drinks and mixian combo for takeaway orders and snacks giveaway to our customers.

We generally accept payments from our customers by way of (i) cash; (ii) Octopus cards; and (iii) other payment methods, which mainly include online delivery platforms, credit cards, Alipay, Apple Pay, BOC Pay and WeChat Pay. The following table sets forth a breakdown of our revenue by type of settlement for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HKS'000</i>	%	<i>HKS'000</i>	%	<i>HKS'000</i>	%
Cash	1,401,349	90.0	1,393,894	82.4	1,070,151	59.6
Octopus cards	127,092	8.2	175,307	10.4	389,244	21.7
Other payment methods	27,732	1.8	121,978	7.2	335,298	18.7
<b>Total</b>	<b>1,556,173</b>	<b>100.0</b>	<b>1,691,179</b>	<b>100.0</b>	<b>1,794,693</b>	<b>100.0</b>

During the Track Record Period, our customers primarily settled our restaurant bills by cash. Settlements made through Octopus cards and other payment methods increased throughout the Track Record Period, primarily as the number of restaurants installed with Octopus card machines increased and we introduced more means of electronic payments in our restaurants, as well as the increased orders made through online delivery platforms since our cooperation with them for TamJai brand and SamGor brand in September 2018 and March 2019, respectively, and the increased popularity of these online delivery platforms amidst the outbreak of COVID-19.

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### Cost of food and beverages consumed

Our cost of food and beverages consumed represents the cost of our food ingredients and beverages used in our operation. The principal food ingredients used in our restaurants includes meat, meat balls, offal, vegetables, mushrooms and mixian. Despite the similarity of some of our dishes under the two brands, each brand has its own exclusive featured combinations of mixian and toppings, soup bases, snacks and special drinks, and uses different ingredients sourced from various suppliers. For certain of our food ingredients, they are sourced centrally for the uses of both brands such that we are able to enjoy lower costs from purchasing in bulk and have stronger bargaining power over our suppliers. We also maintain stringent cost control measures at restaurant level, including standardising portion size, preparing our food on a cook-to-order basis and keeping a minimal level of food ingredients in our restaurants for daily operation up to approximately three days to reduce our food wastage and minimise our food cost. For the years ended 31 March 2019, 2020 and 2021, our cost of food and beverages consumed amounted to HK\$375.0 million, HK\$385.3 million and HK\$411.5 million, respectively, representing 24.1%, 22.8% and 22.9% of our total revenue for the respective years. The change in cost of food and beverages consumed during the Track Record Period was mainly driven by the number of total customers served and was generally in line with the change in our revenue. For the year ended 31 March 2020, our cost of food and beverages consumed as a percentage of revenue decreased to 22.8%, which was primarily due to (i) the increase in menu price for both TamJai and SamGor brands in 2019; and (ii) the increase in delivery orders, which the menu price at the online delivery platforms is generally higher than that at our physical restaurants. For the year ended 31 March 2021, our cost of food and beverages consumed as a percentage of revenue remained stable as compared to the previous year, which was primarily due to (i) the increase in delivery orders; offset by (ii) the offering of value snacks/drinks and mixian combo for takeaway orders and snacks giveaway to our customers during the year, which had led to the decrease in snacks and drinks ordered at regular price.

### Other revenue

Our other revenue amounted to HK\$1.5 million, HK\$5.9 million and HK\$168.6 million for the years ended 31 March 2019, 2020 and 2021, respectively. The following table sets forth a breakdown of our other revenue for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Bank interest income	557	36.6	2,525	42.6	1,316	0.8
Government subsidies	—	—	2,000	33.8	154,585	91.7
COVID-19 rent concessions	—	—	—	—	11,715	6.9
Rent compensation	—	—	812	13.7	—	—
Sundry income	965	63.4	585	9.9	1,015	0.6
<b>Total</b>	<b>1,522</b>	<b>100.0</b>	<b>5,922</b>	<b>100.0</b>	<b>168,631</b>	<b>100.0</b>

Our bank interest income represents the income we generate from bank deposits, which amounted to HK\$0.6 million, HK\$2.5 million and HK\$1.3 million for the years ended 31 March 2019, 2020 and 2021, respectively. For the year ended 31 March 2020, our bank interest income increased significantly which was mainly attributable to the improvement in our treasury management by placing our surplus funds under time deposits.

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Our government subsidies mainly represent the subsidies provided by the Hong Kong government to us for the purpose of easing the impact caused by COVID-19 pandemic. For the years ended 31 March 2020 and 2021, our government subsidies amounted to HK\$2.0 million and HK\$154.6 million, respectively, which primarily represented the subsidies under the Employment Support Scheme and Food Licence Holders Subsidy Scheme launched by the Hong Kong government as part of the financial relief measures in response to the COVID-19 pandemic. Such subsidies have become unconditional and irrevocable.

Our COVID-19 rent concessions represent the portion of rental relief we received from our landlords in relation to COVID-19 outbreak in excess of the corresponding turnover rents. For the year ended 31 March 2021, the COVID-19 rent concessions amounted to HK\$11.7 million.

Our rent compensation arise from the rental relief we receive from our landlord in relation to the suspension of business of our restaurant located in a shopping mall due to social movements in the second half of 2019. For the year ended 31 March 2020, our rent compensation amounted to HK\$0.8 million.

Our sundry income primarily represents electricity rebates and income from sales of promotional merchandise, which amounted to HK\$1.0 million, HK\$0.6 million and HK\$1.0 million for the years ended 31 March 2019, 2020 and 2021, respectively.

### Other net gain/(loss)

Our net gain/(loss) arises from (i) early termination of leases; (ii) disposal of property, plant and equipment; and (iii) disposal of right-of-use assets. We recorded other net gain amounting to HK\$0.2 million for the year ended 31 March 2019, which mainly represented the gain on disposal of our property, plant and equipment at our central kitchen during the year. We recorded other net loss amounting to HK\$1.6 million for the year ended 31 March 2020, which mainly represented the loss on disposal of property, plant and equipment of our TamJai restaurants closed during the year. We recorded net loss amounting to HK\$0.8 million for the year ended 31 March 2021, which was primarily attributable to the loss on disposal of property, plant and equipment of the restaurants during the year.

### Staff costs

Our staff costs primarily consist of salaries, bonuses, contributions to defined contribution retirement plans and staff welfare. For the years ended 31 March 2019, 2020 and 2021, our staff costs amounted to HK\$477.0 million, HK\$538.8 million and HK\$559.4 million, respectively, representing 30.7%, 31.9% and 31.2% of our total revenue for the respective years. The following table sets forth our staff costs by function for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$ '000</i>	%	<i>HK\$ '000</i>	%	<i>HK\$ '000</i>	%
Restaurant staff <sup>(1)</sup>	422,721	88.6	454,809	84.4	453,491	81.1
Headquarters staff	34,708	7.3	63,894	11.9	84,023	15.0
Central kitchen staff	19,544	4.1	20,097	3.7	21,928	3.9
<b>Total</b>	<b>476,973</b>	<b>100.0</b>	<b>538,800</b>	<b>100.0</b>	<b>559,442</b>	<b>100.0</b>

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## FINANCIAL INFORMATION

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*Note:*

(1) Includes frontline waiters and waitresses as well as restaurant kitchen staff.

### Depreciation of owned property, plant and equipment

Our depreciation of owned property, plant and equipment arises from our leasehold improvements, furniture and fixture, machinery and equipment, computer equipment and motor vehicles. For the years ended 31 March 2019, 2020 and 2021, our depreciation of owned property, plant and equipment amounted to HK\$40.6 million, HK\$46.2 million and HK\$66.5 million, respectively, representing 2.6%, 2.7% and 3.7% of our total revenue for the respective years. The overall increase in depreciation of owned property, plant and equipment throughout the Track Record Period was mainly attributable to the increase in number of our restaurants.

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

Our depreciation of right-of-use assets, rental and related expenses mainly represent depreciation arising from right-of-use assets, the turnover rent portion of our restaurant leases, government rents and rates, building management fees and promotion levy to our landlords. For the years ended 31 March 2019, 2020 and 2021, our depreciation of right-of-use assets, rental and related expenses amounted to HK\$282.1 million, HK\$319.0 million and HK\$359.9 million, respectively, representing 18.1%, 18.9% and 20.1% of our total revenue for the respective years. The following table sets forth a breakdown of our depreciation of right-of-use assets, rental and related expenses for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Depreciation of right-of-use assets	243,461	86.3	272,607	85.5	309,112	85.9
Rental and related expenses	38,650	13.7	46,371	14.5	50,795	14.1
<b>Total</b>	<b>282,111</b>	<b>100.0</b>	<b>318,978</b>	<b>100.0</b>	<b>359,907</b>	<b>100.0</b>

### Utilities expenses

Our utilities expenses mainly represent expenses in relation to electricity utilities, and to a lesser extent, gas and water utilities. For the years ended 31 March 2019, 2020 and 2021, our utilities expenses amounted to HK\$39.4 million, HK\$42.1 million and HK\$36.1 million, respectively, representing 2.5%, 2.5% and 2.0% of our total revenue for the respective years.

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### **Consumables and packaging**

Our consumables and packaging mainly represent the costs of the disposable boxes and containers we use for our takeaway and delivery orders and the costs of purchasing pandemic prevention supplies such as face masks, envelopes and sanitising supplies. For the years ended 31 March 2019, 2020 and 2021, our consumables and packaging amounted to HK\$19.7 million, HK\$27.6 million and HK\$48.8 million, respectively, representing 1.3%, 1.6% and 2.7% of our total revenue for the respective years. Our consumable and packaging expenses as a percentage of our revenue increased throughout the Track Record Period, mainly attributable to the growth in our takeaway and delivery orders, and to a lesser extent, costs associated with pandemic prevention and control supplies.

### **Repairs and maintenance**

Our repairs and maintenance mainly represent our expenses in relation to the routine maintenance of facilities at our restaurants and central kitchen. For the years ended 31 March 2019, 2020 and 2021, our repairs and maintenance amounted to HK\$11.5 million, HK\$12.4 million and HK\$12.1 million, respectively, representing 0.7%, 0.7% and 0.7% of our total revenue for the respective years.

### **Handling charges**

Our handling charges represent the fees charged by the online delivery platforms for the orders fulfilled through these platforms and the service charges in relation to the electronic settlement methods we made available at our restaurants. For the years ended 31 March 2019, 2020 and 2021, our handling charges amounted to HK\$4.4 million, HK\$25.9 million and HK\$55.5 million, respectively, representing 0.3%, 1.5% and 3.1% of our total revenue for the respective years. The increase in our handling charges throughout the Track Record Period was mainly driven by the increase in our delivery orders and the increase in uses of electronic settlement methods by our customers.

### **Cleaning expenses**

Our cleaning expenses mainly represent the costs we incur for garbage disposal, cleaning supplies, pest controls and cleaning and sanitising of restaurants in relation to COVID-19 pandemic etc. For the years ended 31 March 2019, 2020 and 2021, our cleaning expenses amounted to HK\$8.3 million, HK\$11.4 million and HK\$14.1 million, respectively, representing 0.5%, 0.7% and 0.8% of our total revenue for the respective years.

### **Listing expenses**

Listing expenses represent professional fees incurred in relation to the Listing. We incurred listing expenses of HK\$7.2 million for the year ended 31 March 2021.



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### Other expenses

For the years ended 31 March 2019, 2020 and 2021, our other expenses amounted to HK\$51.6 million, HK\$45.8 million and HK\$56.6 million, respectively, representing 3.3%, 2.7% and 3.2% of our total revenue for the respective years. The following table sets forth a breakdown of our other expenses for the years indicated:

	Year ended 31 March					
	2019		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Management fee to immediate holding company	17,315	33.6	3,399	7.4	3,375	6.0
Insurance	7,216	14.0	6,652	14.6	6,879	12.2
Advertising and promotion	5,245	10.2	9,691	21.2	21,682	38.3
Transportation	4,925	9.6	5,960	13.0	6,442	11.4
Professional fees	2,699	5.2	4,689	10.2	3,355	5.9
Impairment loss/(reversal of impairment loss), net	2,416	4.7	751	1.7	(1,648)	(2.9)
Computer software and accessories	2,201	4.3	3,384	7.4	3,347	5.9
Printing and stationery	2,077	4.0	2,438	5.3	2,851	5.0
Audit fee	1,927	3.7	1,619	3.6	1,913	3.4
Telephone and broadband charges	1,160	2.3	1,204	2.6	1,468	2.6
Licence fee	945	1.8	1,527	3.3	900	1.6
Sundry expenses	3,427	6.6	4,440	9.7	6,022	10.6
<b>Total</b>	<b>51,553</b>	<b>100.0</b>	<b>45,754</b>	<b>100.0</b>	<b>56,586</b>	<b>100.0</b>

Our management fee to immediate holding company mainly represents management costs recharged by our immediate holding company on an actual basis, which include, among other things, professional fees, staff costs and system costs. For the years ended 31 March 2019 and 2020, our immediate holding company incurred one-off management costs of HK\$17.3 million and HK\$0.8 million, respectively, in respect of the employment of management team and setting up software and systems subsequent to the acquisition of our Group by Toridoll HK and one-off professional fees in relation to amalgamation, which were recharged to us on an actual basis. During the year ended 31 March 2020, our immediate holding company started to provide business consulting services to us, which include (i) assistance in the development of the strategies for the business of our Group; (ii) provision of statistic information on market trends or competitive analysis and sharing insights to each geographic region of the business of our Group; and (iii) provision of expertise and knowledge sharing on improving frontline restaurant operations and providing advice on the development of guidelines for the operations of the business of our Group. Accordingly, we incurred service fee amounting to HK\$2.6 million and HK\$3.4 million for the years ended 31 March 2020 and 2021, respectively.

Our advertising and promotion primarily represents costs incurred for product promotions and brand building through different channels, including social media and online platforms. We also launched festive promotional campaigns such as collaborating with local illustrator to create Valentine's Day gifts to our customers in 2021.

Our transportation expenses primarily represent the costs incurred for the delivery of food ingredients from our central kitchen to our restaurants.

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Our professional fees mainly represent the costs for professional services including planning and feasibility studies of our business development, tax services, legal fees in relation to the amalgamation and other routine legal services fees in relation to our tenancy agreements.

Our impairment loss arises from the impairment on right-of-use assets and property, plant and equipment associated with certain underperforming restaurants. For the years ended 31 March 2019, 2020 and 2021, our management estimated the corresponding recoverable amounts of our right-of-use assets and property, plant and equipment of these restaurants. Based on these estimates, the carrying amount of right-of-use assets and property, plant and equipment was written down by HK\$1.6 million and HK\$0.8 million for the year ended 31 March 2019, HK\$0.7 million and HK\$7,000 for the year ended 31 March 2020 and HK\$0.7 million and HK\$0.3 million for the year ended 31 March 2021, respectively. During the year ended 31 March 2021, our management re-assessed the recoverable amounts of the right-of-use assets and property, plant and equipment of certain restaurants that were subject to impairment loss in prior years as there had been a favourable change in the estimates used to determine the recoverable amount. Based on these estimates, the impairment loss on right-of-use assets and property, plant and equipment of HK\$1.2 million and HK\$1.4 million was reversed for the year ended 31 March 2021.

Accordingly, we recorded a net impairment loss for our right-of-use assets and property, plant and equipment of HK\$1.6 million and HK\$0.8 million, respectively, for the year ended 31 March 2019; a net impairment loss for our right-of-use assets and property, plant and equipment of HK\$0.7 million and HK\$7,000, respectively, for the year ended 31 March 2020; and a net reversal of impairment losses for our right-of-use assets and property, plant and equipment of HK\$0.5 million and HK\$1.1 million, respectively, for the year ended 31 March 2021. For details of our underperforming restaurants, please refer to the section headed “Business — Our restaurants — Operating performance of our restaurants” in this prospectus.

Our sundry expenses mainly represent agency commission and stamp duties in relation to our restaurant leases, bank charges, donations, motor vehicle and local travelling expenses.

### **Finance costs**

Our finance costs arise from interest expense on lease liabilities. We did not have any bank borrowings during the Track Record Period. For the years ended 31 March 2019, 2020 and 2021, our finance costs amounted to HK\$11.1 million, HK\$12.1 million and HK\$14.5 million, respectively, representing 0.7%, 0.7% and 0.8% of our total revenue for the respective years.

### **Income tax expense**

Our income tax expense represents income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate or domicile during the Track Record Period, including Hong Kong and Singapore.

### ***Hong Kong***

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period, except for one entity that is qualified under the two-tiered profits tax rate regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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The provision for Hong Kong profits tax for the years ended 31 March 2019, 2020 and 2021 has taken into account a reduction granted by the Hong Kong government of 100% of the tax payable for the year of assessment 2018–19, 2019–20 and 2020–21 subject to a maximum reduction of HK\$20,000, HK\$20,000 and HK\$10,000, respectively, for each entity.

### *Singapore*

Our subsidiaries in Singapore are subject to corporate income tax of 17.0%. No provision for Singapore's corporate income tax has been made in our consolidated financial statements as we did not have any assessable profits for the years ended 31 March 2019, 2020 and 2021.

For the years ended 31 March 2019, 2020 and 2021, our income tax expense amounted to HK\$39.5 million, HK\$38.1 million and HK\$32.5 million, respectively, representing 2.5%, 2.3% and 1.8% of our total revenue for the respective years. The following table sets forth a breakdown of income tax for the years indicated:

	Year ended 31 March		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
<b>Hong Kong profits tax</b>			
Current tax	41,986	35,541	34,364
Deferred tax	(2,459)	2,566	(1,905)
<b>Total</b>	<b>39,527</b>	<b>38,107</b>	<b>32,459</b>

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any material unresolved income tax issue or dispute with the relevant tax authorities.

## YEAR-TO-YEAR COMPARISONS OF OUR RESULTS OF OPERATIONS

### Year ended 31 March 2021 compared to year ended 31 March 2020

#### *Revenue*

Our total revenue increased by 6.1% from HK\$1,691.2 million for the year ended 31 March 2020 to HK\$1,794.7 million for the year ended 31 March 2021, primarily due to (i) the increase in our revenue from takeaway and delivery services by 91.4% from HK\$465.4 million for the year ended 31 March 2020 to HK\$890.7 million for the year ended 31 March 2021. Such increase was primarily resulted from (a) the change in customer preference as a result of the outbreak of COVID-19 as consumers become increasingly accustomed to food delivery, according to Euromonitor; and (b) the increase in the number of restaurants in operation; partially offset by (ii) the decrease in our revenue from dine-in services by 26.3% from HK\$1,225.8 million for the year ended 31 March 2020 to HK\$904.0 million for the year ended 31 March 2021.

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### *Revenue by brand*

Our revenue from TamJai brand increased from HK\$857.0 million for the year ended 31 March 2020 to HK\$890.3 million for the year ended 31 March 2021, which was primarily due to the combined effect of the following:

- (i) the decrease in our revenue from comparable restaurants of our existing TamJai restaurants by 12.5% from HK\$722.9 million for the year ended 31 March 2020 to HK\$632.2 million for the year ended 31 March 2021, mainly driven by the decrease in number of customers served at our comparable restaurants as a result of the outbreak of COVID-19;
- (ii) the decrease in average spending per customer of our TamJai brand from HK\$61.6 for the year ended 31 March 2020 to HK\$58.8 for the year ended 31 March 2021 mainly as a result of the value snacks/drinks and mixian combo for takeaway orders and snacks giveaway to our customers during the year, which had led to the decrease in snacks and drinks orders at regular price. Such effect was partially offset by the increase in the delivery orders of our TamJai brand amidst COVID-19 pandemic; and
- (iii) the increase in revenue from the expansion of our TamJai restaurant network. For the year ended 31 March 2021, we opened 12 restaurants under TamJai brand, all of which were located in Hong Kong, contributing revenue amounting to HK\$88.0 million.

Our revenue from SamGor brand increased from HK\$834.2 million for the year ended 31 March 2020 to HK\$904.4 million for the year ended 31 March 2021, primarily due to the combined effect of the following:

- (i) the increase in revenue from the expansion of our SamGor restaurant network. For the year ended 31 March 2021, we opened 13 restaurants under SamGor brand, among which 10 were located in Hong Kong and three were located in Singapore, contributing revenue amounting to HK\$64.5 million and HK\$10.9 million, respectively;
- (ii) the increase in average spending per customer of our SamGor brand from HK\$55.5 for the year ended 31 March 2020 to HK\$58.0 for the year ended 31 March 2021 mainly as a result of the increase in delivery orders and the launch of time limit premium mixian options under SamGor brand during the year; and
- (iii) the decrease in our revenue from comparable restaurants of our existing SamGor restaurants by 5.6% from HK\$622.1 million for the year ended 31 March 2020 to HK\$587.0 million for the year ended 31 March 2021, mainly driven by the decrease in number of customers served at our comparable restaurants as a result of the outbreak of COVID-19.

### *Revenue by order type*

Our revenue from dine-in services decreased by 26.3% from HK\$1,225.8 million for the year ended 31 March 2020 to HK\$904.0 million for the year ended 31 March 2021, primarily attributable to the decrease in revenue from our existing restaurants due to dine-in restrictions imposed by the Hong Kong government during the outbreak of the COVID-19 since early 2020. The effect was partially offset by the increase in revenue from dine-in services from 25 new restaurants we opened during the year.

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Our revenue from takeaway and delivery services increased by 91.4% from HK\$465.4 million for the year ended 31 March 2020 to HK\$890.7 million for the year ended 31 March 2021, primarily benefited from the increased popularity of the online delivery platforms and takeaway services amidst the outbreak of COVID-19. The increase in revenue from our takeaway and delivery services had to a large extent compensated our loss of revenue from dine-in services.

### *Cost of food and beverages consumed*

Our cost of food and beverages increased by 6.8% from HK\$385.3 million for the year ended 31 March 2020 to HK\$411.5 million for the year ended 31 March 2021, which was generally in line with the increase in our revenue. We recorded a slightly higher growth in cost of food and beverages consumed than the growth in our revenue of 6.1%, which was mainly attributable to the offering of value snacks/drinks and mixian combo and snacks giveaway under our TamJai brand and the offering of premium mixian options or toppings under both brands, partially offset by the effect of increased orders fulfilled through online delivery platforms, which the menu price of the online delivery platform was generally higher as compared to that of our restaurants. Our cost of food and beverages consumed as a percentage of revenue was 22.8% and 22.9% for the years ended 31 March 2020 and 2021, respectively.

### *Other revenue*

Our other revenue increased significantly from HK\$5.9 million for the year ended 31 March 2020 to HK\$168.6 million for the year ended 31 March 2021, primarily attributable to (i) increase in government subsidies mainly due to the subsidies under the Employment Support Scheme and Food Licence Holders Subsidy Scheme launched by the Hong Kong government in response to the COVID-19 pandemic; and (ii) the increase in COVID-19 rent concessions from our landlords.

### *Other net loss*

Our other net loss decreased from HK\$1.6 million for the year ended 31 March 2020 to HK\$0.8 million for the year ended 31 March 2021, primarily attributable to the decrease in loss on disposal of property, plant and equipment and loss on disposal of right-of-use assets.

### *Staff costs*

Our staff costs increased slightly by 3.8% from HK\$538.8 million for the year ended 31 March 2020 to HK\$559.4 million for the year ended 31 March 2021, which was primarily due to (i) the decrease in our restaurant staff costs as a result of a general reduction in our operating hours and the deployment of staff in response to the government's pandemic prevention and control measures during the COVID-19 outbreak; partially offset by (ii) the effect from the increase in restaurant headcount due to the expansion of restaurant network; and (iii) the effect from the increase in headquarters headcount.

### *Depreciation of owned property, plant and equipment*

Our depreciation of owned property, plant and equipment increased by 43.9% from HK\$46.2 million for the year ended 31 March 2020 to HK\$66.5 million for the year ended 31 March 2021, mainly attributable to the addition of leasehold improvements and equipment in relation to our new restaurants.

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

Our depreciation of right-of-use assets, rental and related expenses increased by 12.8% from HK\$319.0 million for the year ended 31 March 2020 to HK\$359.9 million for the year ended 31 March 2021, primarily due to (i) the increase in depreciation of right-of-use assets as we entered into more lease contracts upon the expansion of our restaurant network; and (ii) the increase in rental and related expenses due to the increase in building management fees and equipment rentals as the number of our restaurants increased, offset by the decrease in turnover rents. The decrease in our turnover rent was mainly due to (i) the decrease in revenue from our restaurant operation impacted by the COVID-19 outbreak; and (ii) the COVID-19 rent concessions received during the year, which offset against the turnover rent portion of our lease payments for the same year.

### *Utilities expenses*

Our utilities expenses decreased by 14.1% from HK\$42.1 million for the year ended 31 March 2020 to HK\$36.1 million for the year ended 31 March 2021, primarily attributable to the decrease in electricity charges as we received electricity subsidies under the Electricity Charges Subsidy Scheme launched by the Hong Kong government.

### *Consumables and packaging*

Our consumables and packaging increased by 76.8% from HK\$27.6 million for the year ended 31 March 2020 to HK\$48.8 million for the year ended 31 March 2021, primarily attributable to the increase in the volume of our takeaway and delivery orders amidst the outbreak of COVID-19.

### *Repairs and maintenance*

Our repairs and maintenance remained stable at HK\$12.4 million and HK\$12.1 million for the years ended 31 March 2020 and 2021, respectively.

### *Handling charges*

Our handling charges increased by 114.0% from HK\$25.9 million for the year ended 31 March 2020 to HK\$55.5 million for the year ended 31 March 2021, primarily attributable to the increase in delivery orders amidst the outbreak of COVID-19.

### *Cleaning expenses*

Our cleaning expenses increased by 24.5% from HK\$11.4 million for the year ended 31 March 2020 to HK\$14.1 million for the year ended 31 March 2021, primarily attributable to the increased costs for cleaning supplies as we strengthened our store hygiene and increased the number of our restaurants.

### *Listing expenses*

We incurred listing expenses of HK\$7.2 million for the year ended 31 March 2021.

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### *Other expenses*

Our other expenses increased by 23.7% from HK\$45.8 million for the year ended 31 March 2020 to HK\$56.6 million for the year ended 31 March 2021, primarily attributable to (i) the increase in advertising and promotion as we launched more promotional campaigns including online and offline advertisement for brand building; partially offset by (ii) the decrease in professional fees. For the year ended 31 March 2020, we incurred one-off professional fee in relation to the planning and feasibility studies of our overseas expansion.

### *Finance costs*

Our finance costs increased by 19.4% from HK\$12.1 million for the year ended 31 March 2020 to HK\$14.5 million for the year ended 31 March 2021, which was due to the increase in interest expenses on lease liabilities as we entered into more lease contracts upon the expansion of our restaurant network.

### *Income tax expense*

Our income tax decreased by 14.8% from HK\$38.1 million for the year ended 31 March 2020 to HK\$32.5 million for the year ended 31 March 2021. Our effective tax rate decreased from 16.6% for the year ended 31 March 2020 to 10.1% for the year ended 31 March 2021, which was primarily attributable to the non-taxable government subsidies received during the year.

### *Profit for the year*

As a result of the foregoing, our profit for the year increased by 50.8% from HK\$190.9 million for the year ended 31 March 2020 to HK\$287.8 million for the year ended 31 March 2021. Our net profit margin was 11.3% and 16.0% for the years ended 31 March 2020 and 2021, respectively. The increase in our net profit margin was primarily due to the government subsidies and the COVID-19 rent concessions received during the year.

### **Year ended 31 March 2020 compared to year ended 31 March 2019**

#### *Revenue*

Our total revenue increased by 8.7% from HK\$1,556.2 million for the year ended 31 March 2019 to HK\$1,691.2 million for the year ended 31 March 2020, primarily driven by the increase in number of restaurants and the increase in the average spending per customer.

#### *Revenue by brand*

Our revenue from TamJai brand remained stable at HK\$825.7 million and HK\$857.0 million for the years ended 31 March 2019 and 2020, respectively, primarily due to the combined effect of the following:

- (i) the addition of 11 new TamJai restaurants during the year ended 31 March 2020;
- (ii) the full year effect of the two new TamJai restaurants opened during the year ended 31 March 2019;

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- (iii) the increase in average spending per customer of TamJai brand from HK\$55.6 for the year ended 31 March 2019 to HK\$61.6 for the year ended 31 March 2020 resulted from (a) the increase in menu price for TamJai brand; (b) increased orders fulfilled through online delivery platform since the commencement of our cooperation with such platform in September 2018 and free delivery promotion offered during the year. The menu price at our online delivery platform is generally higher than that at our physical restaurants; and (c) the launch of time limit snacks and premium toppings; and
- (iv) the decrease in our revenue from comparable restaurants of TamJai brand by 2.4% from HK\$751.5 million for the year ended 31 March 2019 to HK\$733.4 million for the year ended 31 March 2020 primarily due to the decrease in total customers served at our comparable restaurants affected by the continued social movements in certain districts Hong Kong in the second half of 2019, including Shatin, Tsim Sha Tsui, Mongkok and Causeway Bay and the outbreak of COVID-19 in early 2020.

Our revenue from SamGor brand increased by 14.2% from HK\$730.5 million for the year ended 31 March 2019 to HK\$834.2 million for the year ended 31 March 2020, primarily attributable to the following:

- (i) the addition of 12 new SamGor restaurants during the year ended 31 March 2020;
- (ii) the full year effect of a new SamGor restaurant opened during the year ended 31 March 2019;
- (iii) the increase in average spending per customer of SamGor brand from HK\$51.4 for the year ended 31 March 2019 to HK\$55.5 for the year ended 31 March 2020 resulted from (a) the increase in menu price for SamGor brand; (b) increased orders fulfilled through online delivery platform since the commencement of our cooperation with such platform in March 2019. The menu price at our online delivery platform is generally higher than that at our physical restaurants; and (c) the launch of time limit snacks and premium toppings; and
- (iv) the increase in our revenue from comparable restaurants of SamGor brand by 6.0% from HK\$588.1 million for the year ended 31 March 2019 to HK\$623.6 million for the year ended 31 March 2020 primarily due to (a) the increase in average spending per customer at our comparable restaurants; partially offset by (b) the slight decrease in total customers served at our comparable restaurants under SamGor brand affected by the social movements in certain districts in Hong Kong in the second half of 2019 and the outbreak of COVID-19 in early 2020. As compared with TamJai brand, SamGor brand was less affected by social movements, primarily as our SamGor restaurants were generally located further away from the core areas of the social movements.

### *Revenue by order type*

Our revenue from dine-in services remained stable at HK\$1,234.9 million and HK\$1,225.8 million for the years ended 31 March 2019 and 2020, respectively, primarily attributable to the combined effect of (i) the increase in the number of restaurants in operation; (ii) the impact of social movements in the second half of 2019 which led to the decrease in customer traffic or suspension of business in certain of our restaurants; and (iii) the dine-in restrictions imposed by the Hong Kong government during the outbreak of the COVID-19 since early 2020.



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Our revenue from takeaway and delivery services increased by 44.8% from HK\$321.3 million for the year ended 31 March 2019 to HK\$465.4 million for the year ended 31 March 2020, primarily as we commenced our cooperation with certain online delivery platforms for TamJai brand and SamGor brand in September 2018 and March 2019, respectively, which provided door-to-door delivery services of our products and the increased popularity of takeaway and delivery services. The loss in our dine-in orders resulted from the dine-in restrictions was to a large extent compensated by our takeaway and delivery services during the year.

### *Cost of food and beverages consumed*

Our cost of food and beverages consumed increased by 2.7% from HK\$375.0 million for the year ended 31 March 2019 to HK\$385.3 million for the year ended 31 March 2020, primarily attributable to the increase in total customers served driven by the expansion of our restaurant network. Our cost of food and beverages consumed as a percentage of revenue decreased from 24.1% for the year ended 31 March 2019 to 22.8% for the year ended 31 March 2020, which was primarily due to (i) the increase in menu price for both TamJai and SamGor brands in 2019; and (ii) the increase in delivery orders, which the menu price at the online delivery platforms is generally higher than that at our physical restaurants.

### *Other revenue*

Our other revenue increased significantly from HK\$1.5 million for the year ended 31 March 2019 to HK\$5.9 million for the year ended 31 March 2020, primarily attributable to (i) the subsidies we obtained under the Food Licence Holders Subsidy Scheme in the year ended 31 March 2020 for easing the impact caused by COVID-19 pandemic; (ii) the increase in our bank interest income due to the improvement in our treasury management by placing our surplus funds under time deposits; and (iii) the rent compensation from our landlords in relation to the suspension of business due to social movements.

### *Other net gain/(loss)*

We recorded other net gain amounting to HK\$0.2 million for the year ended 31 March 2019, which mainly arose from the gain on disposal of our property, plant and equipment at our central kitchen during the year. We recorded other net loss amounting to HK\$1.6 million for the year ended 31 March 2020, which mainly arose from the loss on disposal of property, plant and equipment of our TamJai restaurants closed during the year and the loss on disposal of right-of-use assets arising from the early termination of the leases relating to our offices during the year.

### *Staff costs*

Our staff costs increased by 13.0% from HK\$477.0 million for the year ended 31 March 2019 to HK\$538.8 million for the year ended 31 March 2020, primarily attributable to (i) the increase in headcount of our restaurant staff as a result of the expansion of our restaurant network; and (ii) the increase in headcount of our headquarters staff with a view to strengthening the management support and enhancing corporate control for our business expansion.

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## FINANCIAL INFORMATION

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### ***Depreciation of owned property, plant and equipment***

Our depreciation of owned property, plant and equipment increased by 13.7% from HK\$40.6 million for the year ended 31 March 2019 to HK\$46.2 million for the year ended 31 March 2020, mainly attributable to the addition of leasehold improvements and equipment in relation to our new restaurants.

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

Our depreciation of right-of-use assets, rental and related expenses increased by 13.1% from HK\$282.1 million for the year ended 31 March 2019 to HK\$319.0 million for the year ended 31 March 2020, primarily attributable to (i) the increase in depreciation of right-of-use assets as we entered into more lease contracts upon the expansion of our restaurant network; and (ii) the increase in rental and related expenses due to the increase in building management fees, government rents and equipment rentals as the number of our restaurants increased.

### ***Utilities expenses***

Our utilities expenses increased by 6.7% from HK\$39.4 million for the year ended 31 March 2019 to HK\$42.1 million for the year ended 31 March 2020, primarily attributable to the increased utility usage as a result of the increase in number of our restaurants.

### ***Consumables and packaging***

Our consumables and packaging increased by 40.1% from HK\$19.7 million for the year ended 31 March 2019 to HK\$27.6 million for the year ended 31 March 2020, primarily attributable to the increase in the volume of our takeaway and delivery orders, especially during the period of outbreak of COVID-19 in early 2020.

### ***Repairs and maintenance***

Our repairs and maintenance remained stable at HK\$11.5 million and HK\$12.4 million for the years ended 31 March 2019 and 2020, respectively.

### ***Handling charges***

Our handling charges increased significantly from HK\$4.4 million for the year ended 31 March 2019 to HK\$25.9 million for the year ended 31 March 2020, primarily attributable to the increased delivery orders fulfilled through online delivery platforms since the commencement of our cooperation with these platforms for TamJai brand and SamGor brand in September 2018 and March 2019, respectively. The increase in delivery orders was also due to the impact of COVID-19 pandemic.

### ***Cleaning expenses***

Our cleaning expenses increased by 37.2% from HK\$8.3 million for the year ended 31 March 2019 to HK\$11.4 million for the year ended 31 March 2020, primarily attributable to increased costs for cleaning supplies as we strengthened our store hygiene and increased the number of our restaurants.

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## FINANCIAL INFORMATION

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### *Other expenses*

Our other expenses decreased by 11.2% from HK\$51.6 million for the year ended 31 March 2019 to HK\$45.8 million for the year ended 31 March 2020, primarily attributable to (i) the decrease in management fee to our immediate holding company, resulting from the decrease in staff costs recharged by our immediate holding company as the relevant personnel entered into employment contract directly with us since April 2019; partially offset by (ii) the increase in advertising and promotion expense; and (iii) the increase in professional fees due to expenses incurred in relation to the planning and feasibility studies of our overseas expansion.

### *Finance costs*

Our finance costs remained stable at HK\$11.1 million and HK\$12.1 million for the years ended 31 March 2019 and 2020, respectively.

### *Income tax expense*

Our income tax remained relatively stable at HK\$39.5 million and HK\$38.1 million for the years ended 31 March 2019 and 2020, respectively. Our effective tax rate remained stable at 16.7% and 16.6% for the years ended 31 March 2019 and 2020, respectively.

### *Profit for the year*

Our profit for the year decreased slightly from HK\$197.7 million for the year ended 31 March 2019 to HK\$190.9 million for the year ended 31 March 2020, primarily due to the combined effect of (i) the net increase in our revenue primarily due to (a) the expansion of our restaurant network; (b) increased average spending per customer; and (c) the decrease in our revenue from comparable restaurants impacted by social movements in the second half of 2019 and the outbreak of COVID-19 in early 2020; (ii) the increase in staff costs; (iii) the increase in depreciation; and (iv) the increase in handling charges which was generally in line with the increase in revenue from delivery orders during the year. Our net profit margin was 12.7% and 11.3% for the years ended 31 March 2019 and 2020, respectively.

## FINANCIAL INFORMATION

### DESCRIPTION OF CERTAIN ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	68,855	114,849	170,556
Right-of-use assets	444,876	501,616	563,846
Deposits and prepayments	69,410	91,669	106,324
Deferred tax assets	11,838	8,667	10,837
	<u>594,979</u>	<u>716,801</u>	<u>851,563</u>
<b>Current assets</b>			
Inventories	8,717	12,963	13,606
Trade and other receivables	10,291	14,888	26,314
Deposits and prepayments	37,439	39,931	40,236
Current tax recoverable	1,536	2,428	2,300
Bank and cash	306,438	304,961	470,963
	<u>364,421</u>	<u>375,171</u>	<u>553,419</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	90,060	110,228	170,165
Deposits received	375	375	375
Amount due to immediate holding company	12,493	12,493	—
Lease liabilities	213,298	235,263	289,465
Current tax payable	1,895	24,240	49,494
Provisions	19,306	19,498	16,571
	<u>337,427</u>	<u>402,097</u>	<u>526,070</u>
<b>Net current assets/(liabilities)</b>	<u>26,994</u>	<u>(26,926)</u>	<u>27,349</u>
<b>Total assets less current liabilities</b>	<u>621,973</u>	<u>689,875</u>	<u>878,912</u>
<b>Non-current liabilities</b>			
Lease liabilities	231,017	277,742	291,934
Provisions	34,192	35,353	41,010
Deferred tax liabilities	834	229	494
	<u>266,043</u>	<u>313,324</u>	<u>333,438</u>
<b>NET ASSETS</b>	<u>355,930</u>	<u>376,551</u>	<u>545,474</u>

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## FINANCIAL INFORMATION

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	As at 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	10	10	10
Reserves	355,920	376,541	545,464
<b>Total equity attributable to equity shareholders of our Company</b>	355,930	376,551	545,474

### Property, plant and equipment

Our property, plant and equipment mainly consist of leasehold improvements, furniture and fixture, machinery and equipment, computer equipment in our restaurants, central kitchen and headquarters, as well as our motor vehicles. Our property, plant and equipment increased from HK\$68.9 million as at 31 March 2019 to HK\$114.8 million as at 31 March 2020, primarily due to (i) the additions in leasehold improvements of HK\$66.6 million as a result of the increase in number of our restaurants; (ii) the additions in furniture and fixture of HK\$9.0 million; (iii) the additions in machinery and equipment of HK\$9.7 million; and (iv) the additions in computer equipment of HK\$7.6 million. Such increase was partially offset by the depreciation charged for the year ended 31 March 2020 amounting to HK\$46.2 million.

Our property, plant and equipment increased further to HK\$170.6 million as at 31 March 2021, primarily due to (i) the additions in leasehold improvements of HK\$87.5 million as a result of the increase in number of our restaurants; (ii) the additions in furniture and fixture of HK\$3.6 million; (iii) the additions in machinery and equipment of HK\$12.4 million; and (iv) the additions in computer equipment of HK\$17.6 million. Such increase was partially offset by the depreciation charged for the year ended 31 March 2021 amounting to HK\$66.5 million.

### Right-of-use assets

Our right-of-use assets consist of the premises we lease for our own use, including our restaurants, central kitchen and headquarters. Our right-of-use assets increased from HK\$444.9 million as at 31 March 2019 to HK\$501.6 million as at 31 March 2020 and further to HK\$563.8 million as at 31 March 2021, primarily because we entered into new lease contracts upon the expansion of our restaurant network, partially offset by the depreciation charged for the corresponding years.

### Inventories

Our inventories mainly consist of our food ingredients and beverages used in our restaurant operations, including meat, meat balls, offal, vegetables, mushrooms and mixian. Our inventories increased from HK\$8.7 million as at 31 March 2019 to HK\$13.0 million as at 31 March 2020, primarily as we recorded relatively low inventory balance as at 31 March 2019 affected primarily by purchase cycle. Our inventories remained stable at HK\$13.6 million as at 31 March 2021.

## FINANCIAL INFORMATION

For the years ended 31 March 2019, 2020 and 2021, our inventory turnover days, being the average of the beginning and ending inventories for that year divided by our cost of food and beverages consumed multiplied by the number of days in that year (i.e. 365, 366 and 365 days for the years ended 31 March 2019, 2020 and 2021, respectively), was 8.8, 10.3 and 11.8 days, respectively.

As at the Latest Practicable Date, all of our inventories as at 31 March 2021 had been subsequently consumed.

### Trade and other receivables and deposits and prepayments

The following table sets forth a breakdown of trade and other receivables and our deposits and prepayments as of the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, net of loss allowance	2,486	7,936	15,109
Other receivables	<u>7,805</u>	<u>6,952</u>	<u>11,205</u>
Trade and other receivables	10,291	14,888	26,314
Deposits	93,533	114,744	127,169
Prepayments	<u>13,316</u>	<u>16,856</u>	<u>19,391</u>
<b>Total</b>	<b><u>117,140</u></b>	<b><u>146,488</u></b>	<b><u>172,874</u></b>
<b>Represented by:</b>			
Non-current portion	69,410	91,669	106,324
Current portion	<u>47,730</u>	<u>54,819</u>	<u>66,550</u>
<b>Total</b>	<b><u>117,140</u></b>	<b><u>146,488</u></b>	<b><u>172,874</u></b>

### *Trade receivables*

Our trade receivables, net of loss allowance, mainly represent receivables from online delivery platforms and electronic payment service providers in respect of the uses of credit cards and Octopus cards. The online delivery platforms normally collect customers' payment on our behalf and settle with us on a weekly or bi-monthly basis after deducting the relevant handling charges. Payments by credit cards and Octopus cards normally settle within two days after the trade date. Substantially all of our trade receivables, being 100.0%, 100.0% and 99.3% of our trade receivables at the end of the years ended 31 March 2019, 2020 and 2021, respectively, were aged within one month based on the date of billing and were not past due.

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## FINANCIAL INFORMATION

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Our trade receivables increased from HK\$2.5 million as at 31 March 2019 to HK\$7.9 million as at 31 March 2020, primarily due to the increase in orders fulfilled through online delivery platforms. Our trade receivables further increased to HK\$15.1 million as at 31 March 2021, primarily due to (i) increase in orders fulfilled through online delivery platforms; and (ii) increase in receivables from financial institutions or service providers in relation to credit card and Octopus card payments made by our customers resulted from the increase in the use of these types of electronic payments as we introduced more means of electronic payments in our restaurants during the year. We did not recognise any loss allowance for our trade receivables as at 31 March 2019, 2020 and 2021 as the loss allowance was insignificant.

For the years ended 31 March 2019, 2020 and 2021, our trade receivable turnover days, being the average of the beginning and ending trade receivables for that year divided by our total revenue multiplied by the number of days in that year (i.e. 365, 366 and 365 days for the years ended 31 March 2019, 2020 and 2021, respectively), was 0.5, 1.1 and 2.3 days, respectively. As a majority of our customers settled their bills by cash at our restaurants, we recorded relatively short trade receivable turnover days during the Track Record Period. The general increase in our trade receivable turnover days throughout the Track Record Period was mainly driven by the increased uses of the online delivery platforms and various electronic payment methods by our customers.

As at the Latest Practicable Date, all of our trade receivables as at 31 March 2021 had been subsequently settled.

### ***Other receivables***

Our other receivables primarily represent cash-in-transit pending to be deposited into our bank accounts held by a secured logistics service provider and government subsidy receivables. Our other receivables decreased from HK\$7.8 million as at 31 March 2019 to HK\$7.0 million as at 31 March 2020, primarily due to the decrease in amount of cash-in-transit, partially offset by the government subsidy receivables in relation to COVID-19 of HK\$2.0 million as at 31 March 2020. Our other receivables increased from HK\$7.0 million as at 31 March 2020 to HK\$11.2 million as at 31 March 2021, primarily due to the increase in the government subsidy receivables of HK\$8.3 million as at 31 March 2021, partially offset by the decrease in cash-in-transits.

### ***Deposits***

Our deposits primarily represent rental deposits to our landlords and utilities deposits. Our deposits increased from HK\$93.5 million as at 31 March 2019 to HK\$114.7 million as at 31 March 2020 and HK\$127.2 million as at 31 March 2021, primarily due to increase in deposits paid in relation to the our new restaurants during the respective years.

### ***Prepayments***

Our prepayments primarily represent prepayments for purchases of fixed assets, prepaid insurance and tender deposits. Our prepayments increased from HK\$13.3 million as at 31 March 2019 to HK\$16.9 million as at 31 March 2020, primarily due to the tender deposit paid in relation to the tender of restaurant operation at the Hong Kong International Airport. Such amount had been subsequently refunded in April 2020 as we did not succeed in bidding the tender. Our prepayments increased from HK\$16.9 million as at 31 March 2020 to HK\$19.4 million as at 31 March 2021, primarily attributable to the increase in prepayment for trademark, purchase of property, plant and equipment and listing expenses during the year.

## FINANCIAL INFORMATION

### Trade and other payables and accruals and deposits received

The following table sets forth a breakdown of our trade and other payables and accruals and deposits received as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	28,812	28,111	44,595
Other payables and accruals	60,474	81,565	124,543
Contract liabilities	774	552	1,027
Trade and other payables and accruals	90,060	110,228	170,165
Deposit received	375	375	375
<b>Total</b>	<b>90,435</b>	<b>110,603</b>	<b>170,540</b>

### *Trade payables*

Our trade payables primarily arise from the purchase of food ingredients and beverages for our restaurant operations. Our suppliers generally offer us a credit period of 15 to 30 days. Our trade payables remained stable at HK\$28.8 million and HK\$28.1 million as at 31 March 2019 and 2020, respectively. Our trade payables increased from HK\$28.1 million as at 31 March 2020 to HK\$44.6 million as at 31 March 2021, primarily due to the increase in purchases close to the year end date which remained unsettled as at 31 March 2021. The following table sets forth an ageing analysis of our trade payables based on the invoice date as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 30 days	28,812	26,161	37,626
31 to 60 days	—	1,855	6,949
61 to 90 days	—	—	20
91 to 120 days	—	—	—
Over 120 days	—	95	—
<b>Total</b>	<b>28,812</b>	<b>28,111</b>	<b>44,595</b>

For the years ended 31 March 2019, 2020 and 2021, our trade payable turnover days, being the average of the beginning and ending trade payables for that year divided by our cost of food and beverages consumed multiplied by the number of days in that year (i.e. 365, 366 and 365 days for the years ended 31 March 2019, 2020 and 2021, respectively), was 26.2, 27.0 and 32.2 days, respectively.

As at the Latest Practicable Date, all of our trade payables as at 31 March 2021 had been subsequently settled.



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### *Other payables and accruals*

Our other payables and accruals primarily consist of (i) accrued staff costs; (ii) payables for professional service fees; (iii) accrued utility expenses; (iv) payables for acquisition of property, plant and equipment; (v) payables for advertising and promotion; and (vi) others, which include accruals for cleaning, repair and maintenance, transportation expenses etc. The following table sets forth a breakdown of our other payables and accruals as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued staff costs	40,207	47,688	76,346
Payables for professional service fees	3,965	3,184	5,332
Accrued utility expenses	3,304	4,460	2,193
Payables for acquisition of property, plant and equipment	2,577	9,262	15,662
Payables for advertising and promotion	1,647	2,330	6,136
Others	8,774	14,641	18,874
<b>Total</b>	<b>60,474</b>	<b>81,565</b>	<b>124,543</b>

Our other payables and accruals increased from HK\$60.5 million as at 31 March 2019 to HK\$81.6 million as at 31 March 2020, primarily attributable to (i) the increase in accrued staff costs as a result of the increase in bonus provision. The increase in bonus provision was mainly attributable to the increase in headcount; (ii) the payables for acquisition of property, plant and equipment in relation to our new restaurants; and (iii) others, mainly as a result of the increase in accruals for cleaning, repair and maintenance and handling charges resulting from the increase in number of our restaurants. Our other payables and accruals increased from HK\$81.6 million as at 31 March 2020 to HK\$124.5 million as at 31 March 2021, primarily attributable to (i) the increase in payables for acquisition of property, plant and equipment in relation to our new restaurants; (ii) the increase in accrued staff costs as a result of the increase in bonus provision, and to a smaller extent, the increase in salaries payable. The increase in our bonus provision was mainly due to the increase in our headcount; (iii) the increase in payables for advertising and promotion; and (iv) increase in others mainly arising from the increase in handling charge payable.

### *Contract liabilities*

Our contract liabilities arise from (i) the customer loyalty programme for TamJai brand operated by us, where our customers can accumulate reward points from each of their purchases and redeem discounts on future purchases; and (ii) sale or distribution of coupons. For our customer loyalty programme, we recognise the reward points distributed to our customers as contract liabilities and recognise revenue when the reward points are redeemed or when the reward points expire. Under the current loyalty programme, our reward points distributed during a specified period would be expired by the end of that period irrespective of the date of distribution. For our coupons, we recognise the coupon sold as contract liabilities and recognise revenue when the coupons are redeemed or when the coupons expire. As at 31 March 2019, 2020 and 2021, our contract liabilities amounted to HK\$0.8 million, HK\$0.6 million and HK\$1.0 million, respectively. The increase in our contract liabilities as at 31 March 2021 as compared to 31 March 2020 was mainly attributable to the mixian coupons distributed under the SamGor brand during the year. All of our contract liabilities are expected to be recognised as income within one year. For the years

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ended 31 March 2019, 2020 and 2021, we recognised forfeited income in respect of our customer loyalty programme and coupons amounting to HK\$0.2 million, HK\$0.3 million and HK\$0.7 million, respectively.

### *Deposit received*

Our deposit received primarily represents deposit from our logistic service provider for our SamGor's operation. We did not receive any deposits in respect of logistic services for our TamJai's operation as we have our own delivery crew for TamJai brand and do not engage any third party logistic service provider for our TamJai's operation.

Our deposit received remained at HK\$0.4 million as at 31 March 2019, 2020 and 2021.

### **Amount due to immediate holding company**

Our amount due to immediate holding company amounted to HK\$12.5 million, HK\$12.5 million and nil as at 31 March 2019, 2020 and 2021, respectively, which arose from the advances received from our previous shareholders for operating purposes in prior years. Such advances were subsequently transferred from our previous shareholders to our immediate holding company in the process of the acquisition of our group companies by Toridoll. The amount was non-trade nature, unsecured, interest-free and had been repaid in full in September 2020.

### **Lease liabilities**

We do not have any self-owned properties and all of our premises including our restaurants, headquarters and central kitchen are leased properties. The terms of our leased properties ranged from three to six years. The following table sets forth a breakdown of our lease liabilities as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	213,298	235,263	289,465
After 1 year but within 2 years	130,653	178,182	193,668
After 2 years but within 5 years	98,717	96,650	98,266
After 5 years	1,647	2,910	—
	231,017	277,742	291,934
<b>Total</b>	444,315	513,005	581,399

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### Provisions

Our provisions comprise (i) provision for reinstatement costs; (ii) provision for long service payments; and (iii) provision for unused annual leave. The following table sets forth a breakdown of our provisions as at the dates indicated:

	<b>As at 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for reinstatement costs	38,689	35,970	39,871
Provision for long service payments	8,229	9,959	8,229
Provision for unused annual leave	6,580	8,922	9,481
<b>Total</b>	<b>53,498</b>	<b>54,851</b>	<b>57,581</b>

### *Provision for reinstatement costs*

According to the terms of the rental agreements entered into between us and our landlords, we shall remove and reinstate the leased premises at our cost upon expiry of the relevant rental agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred with reference to the quotation obtained. As at 31 March 2019, 2020 and 2021, our provision for reinstatement costs amounted to HK\$38.7 million, HK\$36.0 million and HK\$39.9 million, respectively, among which HK\$12.7 million, HK\$10.6 million and HK\$7.1 million, respectively, was/is expected to be utilised within one year from the respective year end date. For the years ended 31 March 2019, 2020 and 2021, we had additions to provision for reinstatement costs in respect of our new restaurants opened amounting to HK\$21.4 million, HK\$5.2 million and HK\$8.7 million, respectively. The significant additions for the year ended 31 March 2019 were mainly attributable to the re-assessment of provisions made. For the years ended 31 March 2019, 2020 and 2021, we utilised provisions for reinstatement costs in respect of the restaurants closed amounting to HK\$1.1 million, HK\$2.8 million and HK\$4.8 million, respectively. For the year ended 31 March 2020, we had provision reversed amounting to HK\$5.2 million arising from the reassessment of provision for reinstatement costs of our existing restaurants.

The following table sets forth the movement of our provision for reinstatement costs during the Track Record Period:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At the beginning of the year	18,436	38,689	35,970
Additions	21,353	5,206	8,654
Provision reversed	—	(5,164)	—
Utilisation	(1,100)	(2,761)	(4,771)
Exchange adjustment	—	—	18
At the end of the year	<b>38,689</b>	<b>35,970</b>	<b>39,871</b>

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### *Provision for long service payments*

Our provision for long service payment is made pursuant to the Hong Kong Employment Ordinance for our operations in Hong Kong, under which we are obligated to make lump sum payments on cessation of employment in certain circumstances to our employees who have completed at least five years of services with us. The amount payable is dependent on an employees' final salary and years of services, and is reduced by entitlements accrued under our retirement schemes that are attributable to contributions made by us. As at 31 March 2019, 2020 and 2021, our provision for long service payments amounted to HK\$8.2 million, HK\$10.0 million and HK\$8.2 million, respectively. All of the amount is expected to be utilised after more than one year.

### *Provision for unused annual leave*

We recognise a provision for the estimated liability for employee annual leave entitlements as a result of their services rendered up to the end of each reporting period. Any unused annual leave entitled to an employee can be carried forward to the next year but will be lapsed after more than one year. As at 31 March 2019, 2020 and 2021, our provision for unused annual leave amounted to HK\$6.6 million, HK\$8.9 million and HK\$9.5 million, respectively. The increase in our provision for unused annual leave throughout the Track Record Period was mainly attributable to the increase in our headcount. During the Track Record Period, all of the amount arose from our operations in Hong Kong and is expected to be utilised within one year from the respective year end date.

## CAPITAL EXPENDITURE AND COMMITMENTS

### **Capital expenditure**

Our capital expenditure during the Track Record Period primarily relates to the (i) furniture fitting of restaurant renovation and maintenance of existing restaurants; and (ii) acquisition of property, plant and equipment used in our operations. Our capital expenditure for the years ended 31 March 2019, 2020 and 2021 was HK\$11.7 million, HK\$93.6 million and HK\$121.9 million, respectively. We financed our capital expenditure primarily through our cash flow generated from operating activities.

We anticipate that our future capital expenditure will increase due to the opening of new restaurants. The capital expenditure in respect of opening new restaurants for the years ending 31 March 2022, 2023 and 2024 is expected to be HK\$105.4 million, HK\$254.5 million and HK\$315.6 million, respectively. For details, please refer to the section headed "Business — Business strategies" in this prospectus. In the event that the actual capital expenditure incurred for our planned expansion exceeds the planned allocation of the net proceeds we receive from the Global Offering, we believe we will have sufficient internal resources, including bank and cash and cash flows derived from operating activities, for such capital expenditure and contractual commitments for the next 12 months. As at 31 March 2021, we had bank and cash amounting to HK\$471.0 million available. For details, please refer to section headed "Future plans and use of proceeds" in this prospectus.

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## FINANCIAL INFORMATION

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### Capital commitments

As at 31 March 2019, 2020 and 2021, we had authorised and contracted capital commitments in relation to the opening of new restaurants amounted to HK\$5.1 million, HK\$15.9 million and HK\$9.5 million, respectively.

### LIQUIDITY AND CAPITAL RESOURCES

#### Overview

We have historically financed our operations through our internal resources. As at 31 March 2021, we had bank and cash of HK\$471.0 million to fund our future working capital, capital expenditure and other cash requirements.

Our future cash requirements will depend on many factors, including our operating income and capital expenditure on expansion of our operations.

Following completion of the Global Offering, we expect to fund our future working capital, capital expenditure and other cash requirements from our internal resources and the estimated net proceeds from the Global Offering. Our ability to fund our working capital needs and finance other obligations depends on our future operating performance and cash flows, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. Any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, if at all. We did not experience any liquidity shortage during the Track Record Period.

#### Working capital sufficiency

After taking into consideration the financial resources available to us, including our bank balances and cash on hand, operating cash flows and the estimated net proceeds from the Global Offering, and in the absence of unforeseeable circumstances, our Directors confirm that we have sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

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## FINANCIAL INFORMATION

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### SUMMARY OF OUR CASH FLOWS

The following table sets forth a summary of our consolidated cash flow statements for the years indicated:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows before movement in changes in working capital	542,585	568,019	701,642
(Decrease)/increase in working capital	(25,900)	(26,427)	14,656
Income tax paid	(45,058)	(14,088)	(8,982)
Net cash generated from operating activities	471,627	527,504	707,316
Net cash used in investing activities	(10,622)	(91,123)	(120,540)
Net cash used in financing activities	(247,615)	(441,458)	(427,286)
<b>Net increase/(decrease) in cash and cash equivalents</b>	213,390	(5,077)	159,490
Cash and cash equivalents at the beginning of the year	93,048	306,438	301,361
<b>Cash and cash equivalents at the end of the year</b>	<b>306,438</b>	<b>301,361</b>	<b>460,851</b>

#### *Cash flows in relation to our operating activities*

During the Track Record Period, the cash inflows from our operating activities were primarily from our restaurant operations, while the cash outflows for our operating activities were primarily attributable to (i) the payment for purchases of food and beverages; (ii) the payments of staff costs; (iii) the payment of rentals; and (iv) payments for other working capital needs.

For the year ended 31 March 2021, we had net cash generated from operating activities of HK\$707.3 million, which was primarily attributable to cash generated from operations of HK\$716.3 million and income tax paid of HK\$9.0 million. Our cash generated from operations was primarily attributable to (i) profit before taxation of HK\$320.3 million, which was adjusted mainly to account for depreciation of HK\$375.6 million, finance costs of HK\$14.5 million, provision from unused annual leave of HK\$9.5 million and COVID-19-related rent concessions received of HK\$15.6 million; and (ii) changes in working capital, which were primary attributable to an increase in trade and other receivables of HK\$11.4 million, an increase in deposits and prepayments of HK\$12.7 million, an increase in pledged deposits of HK\$6.5 million, an increase in trade and other payables and accruals and deposits received of HK\$60.0 million, utilisation of provision for unused annual leave of HK\$8.9 million and utilisation of provision for reinstatement costs of HK\$4.8 million.

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## FINANCIAL INFORMATION

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For the year ended 31 March 2020, we had net cash generated from operating activities of HK\$527.5 million, which was attributable to cash generated from operations of HK\$541.6 million and income tax paid of HK\$14.1 million. Our cash generated from operations was primarily attributable to (i) profit before taxation of HK\$229.0 million, which was adjusted mainly to account for depreciation of HK\$318.8 million, finance costs of HK\$12.1 million, provision from unused annual leave of HK\$8.9 million, bank interest income of HK\$2.5 million, COVID-19-related rent concessions received of HK\$2.2 million and provision for long service payments of HK\$1.8 million; and (ii) changes in working capital, which were primary attributable to an increase in deposits and prepayments of HK\$24.8 million, an increase in trade and other payables and accruals and deposits received of HK\$20.2 million, utilisation of provision for unused annual leave of HK\$6.6 million, an increase in inventories of HK\$4.2 million, an increase in trade and other receivables of HK\$4.6 million and an increase in pledged deposits of HK\$3.6 million.

For the year ended 31 March 2019, we had net cash generated from operating activities of HK\$471.6 million, which was primarily attributable to (i) cash generated from operations of HK\$516.7 million and income tax paid of HK\$45.1 million. Our cash generated from operations was primarily attributable to (i) profit before taxation of HK\$237.2 million, which was adjusted mainly to account for depreciation of HK\$284.1 million, finance costs of HK\$11.1 million, provision from unused annual leave of HK\$6.6 million, impairment loss on property, plant and equipment and right-of-use assets of HK\$2.4 million and provision for long service payments of HK\$1.9 million; and (ii) changes in working capital, which were primary attributable to an increase in deposits and prepayments of HK\$16.8 million, utilisation of provision for unused annual leave of HK\$6.6 million and an increase in trade and other receivables of HK\$2.3 million.

### *Cash flows in relation to our investing activities*

During the Track Record Period, the cash inflows from our investing activities were derived from (i) the interest received; and (ii) the proceeds from the disposal of property, plant and equipment, while the cash outflows for our investing activities were attributable to the purchases of property, plant and equipment.

For the year ended 31 March 2021, we had net cash used in investing activities of HK\$120.5 million, which was attributable to payment for the purchase of property, plant and equipment of HK\$121.9 million for our premises, offset by interest received of HK\$1.3 million from our time deposits.

For the year ended 31 March 2020, we had net cash used in investing activities of HK\$91.1 million, which was attributable to payment for the purchase of property, plant and equipment of HK\$93.6 million for our premises, offset by interest received of HK\$2.5 million from our time deposits.

For the year ended 31 March 2019, we had net cash used in investing activities of HK\$10.6 million, which was primarily attributable to payment for the purchase of property, plant and equipment of HK\$11.7 million for our premises.

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## FINANCIAL INFORMATION

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### *Cash flows in relation to our financing activities*

During the Track Record Period, the cash inflows from our financing activities were primarily derived from proceeds from issuance of new shares and the increase in amounts due to our immediate holding company, while the cash outflows for our financing activities were primarily attributable to the lease rental paid, dividend paid and settlement to our immediate holding company.

For the year ended 31 March 2021, we had net cash used in financing activities of HK\$427.3 million, which was primarily attributable to the capital element of lease rentals paid of HK\$278.0 million, dividends paid of HK\$120.0 million, decrease in amount due to immediate holding company of HK\$12.5 million and interest element of lease rentals paid of HK\$14.5 million.

For the year ended 31 March 2020, we had net cash used in financing activities of HK\$441.5 million, which was attributable to the capital element of lease rentals paid of HK\$259.3 million, dividends paid of HK\$170.0 million and interest element of lease rentals paid of HK\$12.1 million.

For the year ended 31 March 2019, we had net cash used in financing activities of HK\$247.6 million, which was primarily attributable to the capital element of lease rentals paid of HK\$239.0 million and dividends paid of HK\$85.0 million, offset by proceeds of HK\$75.0 million from the issuance of new shares.



## FINANCIAL INFORMATION

### NET CURRENT ASSETS/ LIABILITIES

The following table sets forth a summary of our current assets and current liabilities as at the dates indicated:

	<b>As at 31 March</b>			<b>As at</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>31 July</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
<b>Current assets</b>				
Inventories	8,717	12,963	13,606	13,891
Trade and other receivables	10,291	14,888	26,314	23,553
Deposits and prepayments	37,439	39,931	40,236	59,041
Current tax recoverable	1,536	2,428	2,300	—
Bank and cash	<u>306,438</u>	<u>304,961</u>	<u>470,963</u>	<u>259,182</u>
	364,421	375,171	553,419	355,667
<b>Current liabilities</b>				
Trade and other payables and accruals	90,060	110,228	170,165	158,495
Deposits received	375	375	375	375
Amount due to immediate holding company	12,493	12,493	—	—
Lease liabilities	213,298	235,263	289,465	291,884
Current tax payable	1,895	24,240	49,494	38,090
Provisions	<u>19,306</u>	<u>19,498</u>	<u>16,571</u>	<u>23,570</u>
	<u>337,427</u>	<u>402,097</u>	<u>526,070</u>	<u>512,414</u>
<b>Net current assets/(liabilities)</b>	<u><u>26,994</u></u>	<u><u>(26,926)</u></u>	<u><u>27,349</u></u>	<u><u>(156,747)</u></u>

We recorded net current assets of HK\$27.0 million as at 31 March 2019 and net current liabilities of HK\$26.9 million as at 31 March 2020. Such change was primarily attributable to (i) the increase in lease liabilities as we entered into more lease agreements upon the expansion of our business; (ii) the decrease in cash mainly as a result of dividend paid and the cash used for purchase of property, plant and equipment; (iii) the increase in trade and other payables and accruals contributed partly by the acquisition of property, plant and equipment; and (iv) the increase in current tax payable as at 31 March 2020. As at 31 March 2020, we had recognised tax payable for the year of assessment 2019/20 for our Company and its subsidiary, Vennic, as we had not received the tax demand note from the tax authority. Accordingly, our cash outflow resulted from tax paid for the year ended 31 March 2020 decreased significantly to HK\$14.1 million as compared to HK\$45.1 million for the year ended 31 March 2019.

## FINANCIAL INFORMATION

We recorded net current assets of HK\$27.3 million as at 31 March 2021. Such change as compared to 31 March 2020 was primarily attributable to (i) the increase in bank and cash from our operations, partially offset by (ii) the increase in our lease liabilities as we entered into more lease agreements upon the expansion of our business, and (iii) the increase in current tax payable as at 31 March 2021, which primarily included tax payable in respect of the year of assessment 2020/21 of HK\$25.7 million and tax payable in respect of the year of assessment 2019/20 of HK\$22.7 million. In March 2021, we received from the tax authority the final tax assessment for our Company for the year of assessment 2019/20 and the notice for payment of provisional tax for year of assessment 2020/2021 and settled the tax accordingly in May 2021. In June, we received the profit tax assessment of Vennic for the year of assessment 2019/2020 and settled the tax accordingly. Our Directors confirm that, to the best of their knowledge, information and belief, our Group were not involved in any material tax dispute with respect to our income tax.

We recorded net current liabilities of HK\$156.7 million as at 31 July 2021, which was primarily attributable to the decrease in our bank and cash resulting from the payment of interim dividend to Toridoll HK amounting to HK\$280.0 million in July 2021.

We recorded relatively low balances of net current assets of HK\$27.0 million and HK\$27.3 million as at 31 March 2019 and 2021, respectively, as well as net current liabilities of HK\$26.9 million and HK\$156.7 million as at 31 March 2020 and 31 July 2021, respectively, which were principally attributable to the recognition of significant lease liabilities amounting to HK\$213.3 million, HK\$235.3 million, HK\$289.5 million and HK\$291.9 million as at 31 March 2019, 2020 and 2021 and 31 July 2021, respectively, as part of our current liabilities in relation to the expansion of our restaurant network in accordance with HKFRS 16 *Leases*, under which all our future rent payments are recognised in the form of non-current assets (being the right-of-use assets) together with current and non-current financial liabilities (being lease liabilities).

### INDEBTEDNESS

The following table sets forth our outstanding debts as at the dates indicated:

	<u>As at 31 March</u>			<u>As at</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>31 July 2021</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
<b>Current</b>				
Amount due to immediate holding company	12,493	12,493	—	—
Lease liabilities	<u>213,298</u>	<u>235,263</u>	<u>289,465</u>	<u>291,884</u>
	225,791	247,756	289,465	291,884
<b>Non-current</b>				
Lease liabilities	<u>231,017</u>	<u>277,742</u>	<u>291,934</u>	<u>264,535</u>
<b>Total indebtedness</b>	<u><u>456,808</u></u>	<u><u>525,498</u></u>	<u><u>581,399</u></u>	<u><u>556,419</u></u>

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## FINANCIAL INFORMATION

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Our amount due to immediate holding company amounted to HK\$12.5 million and HK\$12.5 million as at 31 March 2019 and 2020, respectively, were unsecured, interest-free and repayable on demand. All of such balance were fully settled as at 31 March 2021.

Our lease liabilities represent the payment obligations of our Group in relation to the leases of our restaurants, central kitchen and offices in accordance with the requirement under HKFRS 16. As at 31 March 2019, 2020 and 2021 and 31 July 2021, our total lease liabilities were HK\$444.3 million, HK\$513.0 million and HK\$581.4 million and HK\$556.4 million, respectively.

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this indebtedness statement, we had unutilised bank facilities for short term financing amounting to HK\$66.9 million.

### **CONTINGENT LIABILITIES**

As at 31 July 2021, being the latest practicable date for purpose of determining our contingent liabilities, we did not have any contingent liabilities. We are not currently involved in any significant litigation. Our Directors have confirmed that there was no material adverse change in our contingent liabilities since 31 July 2021 and up to the Latest Practicable Date.

Save as disclosed above, we did not have outstanding loans, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credit, hire purchases commitments or other contingent liabilities as at the Latest Practicable Date. Our Directors have confirmed that there was no material adverse change in our indebtedness since 31 July 2021 and up to the Latest Practicable Date.

### **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

As at the Latest Practicable Date, we did not have any off-balance sheet commitments and transactions.

### **RELATED PARTY TRANSACTIONS**

We entered into certain related party transactions during the Track Record Period. For further details, please refer to “Accountants’ Report — Notes to the historical financial information — 25 Material related party transactions” in Appendix I to this prospectus. Our Directors have confirmed that these transactions were conducted on normal commercial terms and on arm’s length basis and did not have a material impact on our results of operations during the Track Record Period.

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## FINANCIAL INFORMATION

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### KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios as at the dates and for the years indicated:

	As at/ Year ended 31 March		
	2019	2020	2021
<b>Financial metrics</b>			
Net profit margin <sup>(1)</sup>	12.7%	11.3%	16.0%
Return on assets <sup>(2)</sup>	23.1%	18.6%	23.1%
Return on equity <sup>(3)</sup>	76.9%	52.1%	62.4%
Current ratio <sup>(4)</sup>	1.1	0.9	1.1
Quick ratio <sup>(5)</sup>	1.1	0.9	1.0

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*Notes:*

- (1) Calculated based on our profit for the relevant years divided by our total revenue and multiplied by 100%. For details, please refer to the paragraph headed “— Year-to-year comparisons of our results of operations” in this section.
- (2) 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%.
- (3) Calculated based on our net 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%.
- (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.

### Return on assets

Our return on assets decreased from 23.1% for the year ended 31 March 2019 to 18.6% for the year ended 31 March 2020, primarily due to the increase in our total assets mainly as a result of the increase in our right-of-use assets as our number of restaurants increased while our net profit remained relatively stable for the year ended 31 March 2020. Our return on assets increased to 23.1% for the year ended 31 March 2021, which was mainly attributable to the increase in net profit during the year.

### Return on equity

Our return on equity decreased from 76.9% for the year ended 31 March 2019 to 52.1% for the year ended 31 March 2020, primarily due to the increase in our total equity mainly resulted from the profits generated from our operations. Our return on equity increased to 62.4% for the year ended 31 March 2021, which was mainly attributable to the increase in net profit during the year.

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## FINANCIAL INFORMATION

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### **Current ratio**

Our current ratio remained stable at 1.1, 0.9 and 1.1 for the years ended 31 March 2019, 2020 and 2021, respectively.

### **Quick ratio**

Our quick ratio remained stable at 1.1, 0.9 and 1.0 for the years ended 31 March 2019, 2020 and 2021, respectively.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS**

The main risks associated with our financial instruments are credit and liquidity risks. Our management regularly reviews and monitors our exposures to these risks in order to ensure appropriate measures are implemented on a timely and effective manner. Details of the relevant risks and our policies for managing these risks are set out below.

### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and rental deposits. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which we consider to have low credit risk.

As at 31 March 2019, 2020 and 2021, we did not have any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in our historical financial information.

In respect of our trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past history of making payments when due and current ability to pay, information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the billing date. Normally, we do not obtain collateral from customers.

No credit evaluations are performed for retail customers who transact in cash, Octopus or via major credit cards. Our trade receivables in connection with sales settled through delivery service platforms are with high credit rating and no past due history. These assets are short-term in nature and the probability of default is negligible on the basis of high-credit rating issuers during the years ended 31 March 2019, 2020 and 2021, and accordingly, no loss allowance was recognised in respect of the trade and other receivables.

We paid rental deposits to the landlords of our restaurants. The credit quality of the landlords is assessed based on their financial position as well as our past experience in dealing with the respective landlords. Our Directors are of the opinion that the loss allowance for rental deposits as at 31 March 2019, 2020 and 2021 was insignificant.

## FINANCIAL INFORMATION

### Liquidity risk

Our policy is to regularly monitor our liquidity requirements, to ensure that we maintain sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The following tables show the remaining contractual maturities at the end of the reporting period of our financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay:

	Contractual undiscounted cash flow				Total HK\$'000	Carrying amount HK\$'000
	Within one year or on demand HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	More than five years HK\$'000		
<b>As at 31 March 2019</b>						
Trade and other payables and accruals	89,286	—	—	—	89,286	89,286
Deposits received	375	—	—	—	375	375
Amount due to immediate holding company	12,493	—	—	—	12,493	12,493
Lease liabilities	<u>221,351</u>	<u>134,512</u>	<u>100,643</u>	<u>1,656</u>	<u>458,162</u>	<u>444,315</u>
	<u>323,505</u>	<u>134,512</u>	<u>100,643</u>	<u>1,656</u>	<u>560,316</u>	<u>546,469</u>
<b>As at 31 March 2020</b>						
Trade and other payables and accruals	109,676	—	—	—	109,676	109,676
Deposits received	375	—	—	—	375	375
Amount due to immediate holding company	12,493	—	—	—	12,493	12,493
Lease liabilities	<u>245,009</u>	<u>182,655</u>	<u>98,303</u>	<u>2,933</u>	<u>528,900</u>	<u>513,005</u>
	<u>367,553</u>	<u>182,655</u>	<u>98,303</u>	<u>2,933</u>	<u>651,444</u>	<u>635,549</u>
<b>As at 31 March 2021</b>						
Trade and other payables and accruals	169,138	—	—	—	169,138	169,138
Deposits received	375	—	—	—	375	375
Lease liabilities	<u>299,719</u>	<u>197,991</u>	<u>100,199</u>	—	<u>597,909</u>	<u>581,399</u>
	<u>469,232</u>	<u>197,991</u>	<u>100,199</u>	—	<u>767,422</u>	<u>750,912</u>

### Interest rate risk

Our exposure to the interest rate risk is not significant since we do not hold any financial instrument of which the fair value or future cash flows will fluctuate because of any changes in market interest rates.

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## FINANCIAL INFORMATION

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### **Fair value measurement**

The carrying amounts of our financial assets and liabilities were not materially different from their fair values as at 31 March 2019, 2020 and 2021.

### **LISTING EXPENSES**

The underwriting commission, incentive fee, SFC transaction levies and Stock Exchange trading fees shall be shared by us and the Selling Shareholder (where applicable) on a pro rata basis, and we shall be solely responsible for other listing expenses. The total estimated listing expenses in connection with the Global Offering to be borne by us, including underwriting commission and incentive fee (assuming full payment) for all the Offer Shares, is approximately HK\$78.7 million (based on the mid-point of the Offer Price of HK\$3.75 per Offer Share), representing approximately 6.3% of the gross proceeds from the Global Offering (based on an Offer Price of HK\$3.75, being the mid point of the indicative Offer Price range), of which (i) HK\$7.2 million had been charged to our consolidated statements of profit or loss and other comprehensive income for the year ended 31 March 2021; (ii) HK\$19.6 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2022; and (iii) HK\$51.9 million is expected to be accounted for as a deduction from equity upon the Listing.

Our Directors consider that our financial results will be affected by the non-recurring listing expenses described above. Accordingly, the financial performance for the year ending 31 March 2022 is expected to be adversely affected by such listing expenses.

Our Directors would like to emphasise that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing to be recognised in our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2022 will be subject to adjustment based on the then changes in variables and assumptions. Prospective investors should note that our financial performance for the year ending 31 March 2022 is expected to be adversely affected by non-recurring listing expenses, and may or may not be comparable to our financial performance in the past.

### **DIVIDENDS, DIVIDEND POLICY AND DISTRIBUTABLE RESERVE**

For the years ended 31 March 2019, 2020 and 2021, our Company declared and distributed dividends to our Shareholders of HK\$75.0 million, HK\$170.0 million and HK\$120.0 million, respectively, which have been fully settled by cash and were financed by our Company's internal resources. In July 2021, our Company declared and distributed an interim dividend of HK\$280.0 million to Toridoll HK, which was settled by cash in July 2021, and HK\$0.6 million to the Employee Trust, which was settled in August 2021, both of which were financed by our Company's internal resources.

We currently aim to pay a total dividend in respect of each financial year of not less than 30% of our profit attributable to our owners. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements and economic outlook. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Ordinance, including the approval of our Shareholders.

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## FINANCIAL INFORMATION

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As at 31 March 2021, the accumulated distributable reserves of our Company amounted to HK\$196.2 million. For more information, please refer to “Accountants’ Report — Notes to the historical financial information — 21 Capital, reserves and dividends” in Appendix I to this prospectus.

### **RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE**

For the period from 1 April 2021 and up to the Latest Practicable Date, we opened five TamJai restaurants in Hong Kong, two SamGor restaurants in Hong Kong and three TamJai restaurants in Shenzhen, Mainland China. During the same period, we closed one TamJai restaurant in Hong Kong. As at the Latest Practicable Date, we had a total of 156 restaurants, all of which were self-operated. For the four months ended 31 July 2021, our TamJai restaurants in Shenzhen as a whole recorded operating profits.

Based on our unaudited management accounts, our revenue for the four months ended 31 July 2021 increased as compared with the same period in the previous year. The growth in our revenue was attributable to the continuous expansion of our restaurant network and the improvement in performance of our restaurants.

For the year ended 31 March 2021, we had a net profit of HK\$287.8 million, contributed partly by the one-off government subsidies and rent concessions in relation to COVID-19 amounting to HK\$170.1 million received during the year. Our forecast net profit for the year ending 31 March 2022 compared to that for the year ended 31 March 2021 is expected to decrease significantly due to the expected decrease in government subsidies and rent concessions in relation to COVID-19.

Save for the estimated non-recurring listing expenses as disclosed in the paragraph headed “Listing expenses” in this section and the absence of one-off government subsidies and rent concessions, our Directors have confirmed that up to the date of this prospectus, (i) there has been no material adverse change in our financial and trading position since 31 March 2021 (being the end of the reporting period in the Accountants’ Report), that would materially and adversely affect the information shown in our Accountants’ Report in Appendix I to this prospectus.

### **UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

For details, please refer to “Unaudited pro forma financial information” in Appendix II to this prospectus.

### **NO ADDITIONAL DISCLOSURE REQUIRED UNDER LISTING RULES**

Our Directors have confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.



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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please see the section headed “Business — Our business strategies” in this prospectus for details of our strategies and future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$3.75 per Share (being the mid-point of the indicative Offer Price range), we estimate that the net proceeds from the Global Offering, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK\$1,177.6 million. We intend to apply such net proceeds in the following manner:

- (i) approximately HK\$675.5 million, representing approximately 57.4% of the net proceeds, will be used for expansion of our restaurant network, of which approximately HK\$105.4 million, HK\$254.5 million and HK\$315.6 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively. For details, please refer to the section headed “Business — Our business strategies — Expansion of our restaurant network” in this prospectus;
- (ii) approximately HK\$111.7 million, representing approximately 9.4% of the net proceeds, will be used for expanding our central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore and Australia, of which approximately HK\$21.7 million and HK\$90.0 million will be used in the years ending 31 March 2022 and 2023, respectively;
- (iii) approximately HK\$123.8 million, representing approximately 10.5% of the net proceeds, will be used for refurbishment of our restaurants and enhancing our operating equipment, of which approximately HK\$56.3 million, HK\$32.4 million and HK\$35.1 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively;
- (iv) approximately HK\$60.2 million, representing approximately 5.1% of the net proceeds, will be used for implementing a CRM system, a voice ordering system, an ERP system and upgrading our information and technology infrastructure, of which approximately HK\$35.2 million, HK\$16.0 million and HK\$9.0 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively;
- (v) approximately HK\$91.3 million, representing approximately 7.8% of the net proceeds, will be used for international brand building and new market entry promotion, of which approximately HK\$49.5 million, HK\$21.9 million and HK\$19.9 million will be used in the years ending 31 March 2022, 2023 and 2024, respectively; and
- (vi) approximately HK\$115.1 million, representing approximately 9.8% of the net proceeds, will be used for general corporate purposes and working capital.

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## FUTURE PLANS AND USE OF PROCEEDS

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If the Over-allotment Option is exercised, our Company will not receive any additional net proceeds.

If the final Offer Price is set at the high end or low end of the indicative Offer Price range, the net proceeds from the Global Offering will increase or decrease by approximately HK\$135.8 million and HK\$135.8 million, respectively.

The net proceeds will be used in the same proportions as disclosed above irrespective of (i) whether the Offer Price is fixed at the high end or low end of the indicative Offer Price range; and (ii) whether the Over-allotment Option is exercised.

If there is any material change to the use of proceeds as disclosed above after the Listing, we will make the appropriate announcement(s) in due course.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to implement any part of our future plans as intended, our Directors intend to place such net proceeds as short-term interest-bearing deposits with authorised financial institutions in Hong Kong.

### **Proceeds to the Selling Shareholder**

We estimate the net proceeds to the Selling Shareholder from the sale of Sale Shares pursuant to the Global Offering, assuming the Over-allotment Option is exercised in full, to be approximately HK\$181.3 million (assuming an Offer Price of HK\$3.75 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting commission and fees (including the incentive fee and assuming full payment) payable by the Selling Shareholder. We will not receive any of the net proceeds from the sale of Sale Shares by the Selling Shareholder pursuant to the exercise of the Over-allotment Option.

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## CORNERSTONE INVESTORS

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### CORNERSTONE INVESTMENT

We have entered into three cornerstone investment agreements (each a “**Cornerstone Investment Agreement**” and together the “**Cornerstone Investment Agreements**”) with Matthews, China Southern and RAYS Capital (as defined below, each a “**Cornerstone Investor**” and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be subscribed for an aggregate amount of approximately US\$16.0 million (equivalent to approximately HK\$124.5 million, calculated based on an exchange rate of HK\$1.00:US\$0.1285), excluding brokerage, SFC transaction levy and Stock Exchange trading fee which the Cornerstone Investors are required to pay in respect of the Offer Shares (the “**Cornerstone Investment**”). The number of Offer Shares to be subscribed for by the Cornerstone Investors are subject to the determination of the final Offer Price.

### Size of the Cornerstone Investment

Assuming an Offer Price of HK\$3.33 (being the low end of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 37,389,000 Offer Shares, representing (i) approximately 11.2% of the Offer Shares pursuant to the Global Offering and approximately 2.7% of our total issued Shares immediately upon the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme); or (ii) approximately 9.7% of the Offer Shares pursuant to the Global Offering and approximately 2.7% of our total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme).

Assuming an Offer Price of HK\$3.75 (being the mid-point of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 33,202,000 Offer Shares, representing (i) approximately 10.0% of the Offer Shares pursuant to the Global Offering and approximately 2.5% of our total issued Shares immediately upon the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme); or (ii) approximately 8.6% of the Offer Shares pursuant to the Global Offering and approximately 2.5% of our total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme).

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## CORNERSTONE INVESTORS

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Assuming an Offer Price of HK\$4.17 (being the high end of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 29,858,000 Offer Shares, representing (i) approximately 9.0% of the Offer Shares pursuant to the Global Offering and approximately 2.2% of our total issued Shares immediately upon the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme); or (ii) approximately 7.8% of the Offer Shares pursuant to the Global Offering and approximately 2.2% of our total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme).

Given that the Over-allotment Option is expected to be granted by the Selling Shareholder to the International Underwriters such that it may be required to sell up to 50,251,000 Sale Shares if the Over-allotment Option is exercised in full (representing approximately 15% of the Offer Shares initially available under the Global Offering), there shall be no change in the percentage of shareholding interest to be held by the Cornerstone Investors in our Company upon any exercise of the Over-allotment Option.

### **Background of the Cornerstone Investment**

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Investment will help raise the profile of our Company and signify that such investors have confidence in our business and prospects. In addition, our Directors consider that the Cornerstone Investments would help strengthen the market appetite of the prospective investment of retail and institutional investors in our Company and ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering.

Our Company became acquainted with each of the Cornerstone Investors through introduction by one of the Joint Global Coordinators, namely GTJA Securities, in the marketing activities relating to the Global Offering.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our core connected person (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, our Directors, chief executive officer, substantial shareholders, existing Shareholders or any of our subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, our Directors, chief executive officer, substantial shareholders, existing Shareholders or any of our subsidiaries or their respective close associates.

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## CORNERSTONE INVESTORS

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As confirmed by each of the Cornerstone Investors, their subscription under their respective Cornerstone Investment Agreements would be financed by their own internal financial resources (as the case may be) such as (a) financial assets managed by them; (b) subscription monies from its fund investors in the accounts managed by them and returns on other investments through fund entities; and/or (c) self-owned funds (as the case may be) and that they have sufficient funds to settle their respective investments under the Cornerstone Investment Agreements. In addition, our Company confirms that save for the Cornerstone Investment Agreements, there are no side arrangements or agreements between our Company and the Cornerstone Investors. There are no benefits, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Investment, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price pursuant to the Cornerstone Investment Agreements. Each of the Cornerstone Investors has further confirmed that all necessary approvals have been obtained with respect to the Cornerstone Investment and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

The Cornerstone Investment will form part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). Immediately after completion of the Global Offering, none of the Cornerstone Investors will have any representation in our Board, nor will they become a substantial shareholder of our Company.

The total number of Offer Shares to be subscribed for by the Cornerstone Investors pursuant to the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus.

Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around 6 October 2021.

There will be no delayed delivery of the Offer Shares and no deferred settlement arrangement for the Cornerstone Investors. Each Cornerstone Investor has agreed that it shall pay for the relevant Offer Shares before dealing commences on the Listing Date.

### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided to our Company by the Cornerstone Investors in connection with the Cornerstone Investment.

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## CORNERSTONE INVESTORS

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### **Matthews**

On 17 September 2021, our Company, the Sole Sponsor and GTJA Securities (as a Joint Global Coordinator) entered into a Cornerstone Investment Agreement with Matthews International Capital Management, LLC (“**Matthews**”) which acts on its own accounts and as agent for and on behalf of Matthews Asia Funds and three of its sub-funds, namely (i) Matthews Asia Funds — Asia Dividend Fund; (ii) Matthews Asia Funds — Asia ex Japan Dividend Fund; and (iii) Matthews Asia Funds — Asia Small Companies Fund (collectively known as “**Matthews Sub-funds**” and each a “**Matthews Sub-fund**”).

Pursuant to the Cornerstone Investment Agreement, each of the Matthews Sub-funds agreed to subscribe in aggregate for such number of Offer Shares (rounded down to the nearest whole board lot) which may be subscribed for with US\$10.0 million (equivalent to approximately HK\$77.8 million) at the Offer Price. The Matthew Sub-funds are the Cornerstone Investors in this Cornerstone Investment and Matthews is the investment manager of Matthews Asia Funds and each of the Matthew Sub-funds.

Matthews Asia Funds is a public limited company (société anonyme) qualifying as an investment company organised with variable share capital within the meaning of the Luxembourg law of 17 December 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds.

Matthews manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide. As at 31 August 2021, Matthews had approximately US\$29.8 billion assets under management.

### **China Southern**

On 17 September 2021, our Company, the Sole Sponsor and GTJA Securities (as a Joint Global Coordinator) entered into a Cornerstone Investment Agreement with China Southern Asset Management Co., Ltd (南方基金管理股份有限公司) (“**China Southern**”), pursuant to which China Southern agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be subscribed for with US\$3.0 million (equivalent to approximately HK\$23.3 million) at the Offer Price.

China Southern was established in the PRC on 6 March 1998 as approved by the China Securities Regulatory Commission and was converted into a joint stock limited company on 4 January, 2018. China Southern is headquartered in Shenzhen. As at 30 June 2021, China Southern had a total amount of assets under management (“**AUM**”) of approximately RMB1,590 billion on a consolidated basis, with China Southern itself having a total AUM of approximately RMB1,453 billion, among the largest in the industry. As at 30 June 2021, China Southern managed 246 mutual funds with a total AUM of approximately RMB1,007.1 billion and served over 153 million clients.

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## CORNERSTONE INVESTORS

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According to China Southern, its major shareholders as at the Latest Practicable Date include, among others, (i) Huatai Securities Co., Ltd. (華泰證券股份有限公司), holding 41.16% in China Southern, which is listed on the Stock Exchange (stock code: 6886.HK), the Shanghai Stock Exchange (stock code: 601688.SH) and the London Stock Exchange (stock code: HTSC.UK); (ii) Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司), holding 27.44% in China Southern; (iii) Xiamen International Trust Co, Ltd (廈門國際信託有限公司), holding 13.72% in China Southern; and (iv) Industrial Securities Co., Ltd. (興業證券股份有限公司), holding 9.15% in China Southern, which is listed on the Shanghai Stock Exchange (stock code: 601377.SH). As confirmed by China Southern, the proposed subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement does not require any approval from Huatai Securities Co., Ltd. (華泰證券股份有限公司), Industrial Securities Co., Ltd. (興業證券股份有限公司) and their respective shareholders, the Stock Exchange, the Shanghai Stock Exchange or the London Stock Exchange.

### **RAYS Capital**

On 17 September 2021, our Company, the Sole Sponsor and GTJA Securities (as a Joint Global Coordinator) entered into a Cornerstone Investment Agreement with Asian Equity Special Opportunities Portfolio Master Fund Limited (“**RAYS Asian Equity Fund**”) (an open-ended investment company managed by RAYS Capital Partners Limited (“**RAYS Capital**”)), pursuant to which RAYS Asian Equity Fund has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be subscribed for with US\$3.0 million (equivalent to approximately HK\$23.3 million) at the Offer Price. RAYS Asian Equity Fund is the Cornerstone Investor in this Cornerstone Investment.

RAYS Capital is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The investment is procured by RAYS Capital for the benefit of Asian Equity Special Opportunities Portfolio Master Fund Limited, which is an open-ended investment company incorporated in the Cayman Islands with limited liability and whose investment manager is RAYS Capital.

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## CORNERSTONE INVESTORS

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### STATISTICS OF THE CORNERSTONE INVESTMENT

The tables below set forth details of the Cornerstone Investment:

**Based on the Offer Price of HK\$3.33 (being the low end of the indicative Offer Price range)**

<u>Cornerstone Investor</u>	<u>Total investment amount</u> <i>(HK\$)</i>	<u>Number of Offer Shares to be subscribed for<sup>(1)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(2)</sup></u>	<u>Approximate percentage of our total issued Shares immediately following the completion of the Global Offering<sup>(3)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(4)</sup></u>
Matthews	77,821,011	23,369,000	7.0%	1.7%	6.1%
China Southern	23,346,303	7,010,000	2.1%	0.5%	1.8%
RAYS Capital	<u>23,346,303</u>	<u>7,010,000</u>	<u>2.1%</u>	<u>0.5%</u>	<u>1.8%</u>
<b>Total</b>	<u><u>124,513,617</u></u>	<u><u>37,389,000</u></u>	<u><u>11.2%</u></u>	<u><u>2.7%</u></u>	<u><u>9.7%</u></u>

**Based on the Offer Price of HK\$3.75 (being the mid-point of the indicative Offer Price range)**

<u>Cornerstone Investor</u>	<u>Total investment amount</u> <i>(HK\$)</i>	<u>Number of Offer Shares to be subscribed<sup>(1)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(2)</sup></u>	<u>Approximate percentage of our total issued Shares immediately following the completion of the Global Offering<sup>(3)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(4)</sup></u>
Matthews	77,821,011	20,752,000	6.2%	1.5%	5.4%
China Southern	23,346,303	6,225,000	1.9%	0.5%	1.6%
RAYS Capital	<u>23,346,303</u>	<u>6,225,000</u>	<u>1.9%</u>	<u>0.5%</u>	<u>1.6%</u>
<b>Total</b>	<u><u>124,513,617</u></u>	<u><u>33,202,000</u></u>	<u><u>10.0%</u></u>	<u><u>2.5%</u></u>	<u><u>8.6%</u></u>



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## CORNERSTONE INVESTORS

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**Based on the Offer Price of HK\$4.17 (being the high end of the indicative Offer Price range)**

<u>Cornerstone Investor</u>	<u>Total investment amount</u> <i>(HK\$)</i>	<u>Number of Offer Shares to be subscribed<sup>(1)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(2)</sup></u>	<u>Approximate percentage of our total issued Shares immediately following the completion of the Global Offering<sup>(3)</sup></u>	<u>Approximate percentage of the Offer Shares<sup>(4)</sup></u>
Matthews	77,821,011	18,662,000	5.6%	1.4%	4.8%
China Southern	23,346,303	5,598,000	1.7%	0.4%	1.5%
RAYS Capital	<u>23,346,303</u>	<u>5,598,000</u>	<u>1.7%</u>	<u>0.4%</u>	<u>1.5%</u>
<b>Total</b>	<u><u>124,513,617</u></u>	<u><u>29,858,000</u></u>	<u><u>9.0%</u></u>	<u><u>2.2%</u></u>	<u><u>7.8%</u></u>

*Notes:*

- (1) Rounded down to the nearest whole board lot of 1,000 Shares.
- (2) Assuming the Over-allotment Option is not exercised.
- (3) Without taking into account any Shares which may be issued pursuant to the exercise of any options granted which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme. Given that the Over-allotment Option is expected to be granted by the Selling Shareholder to the International Underwriters such that it may be required to sell up to 50,251,000 Sale Shares if the Over-allotment Option is exercised in full (representing approximately 15% of the Offer Shares initially available under the Global Offering), there shall be no change in the percentage of shareholding interest to be held by the Cornerstone Investors in our Company upon any exercise of the Over-allotment Option.
- (4) Assuming the Over-allotment Option is fully exercised.

### CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified therein and not having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

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## CORNERSTONE INVESTORS

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- (iii) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investors under the Cornerstone Investment) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares in the Stock Exchange;
- (iv) no laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees or rulings of any governmental authority (including the Stock Exchange and the SFC) of all relevant jurisdictions shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of a competent jurisdiction which in effect precludes or prohibits consummation of such transactions; and
- (v) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investors under the relevant Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no material breach of the relevant Cornerstone Agreements on the part of the relevant Cornerstone Investor.

### **RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTORS**

Each of the Cornerstone Investors has agreed and undertaken that without the prior written consent of our Company, the Sole Sponsor and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), among other things, dispose of any of the Offer Shares they have subscribed for pursuant to their respective Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited

China International Capital Corporation Hong Kong Securities Limited

Daiwa Capital Markets Hong Kong Limited

China Tonghai Securities Limited

ABCI Securities Company Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 33,501,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

- (a) the Stock Exchange granting the approval for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such approval for the listing of and permission to deal in our Shares not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the final Offer Price being agreed upon between us and the Joint Global Coordinators (for themselves and on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the final Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

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## UNDERWRITING

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### *Grounds for termination*

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may in their sole and absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by notice in writing to our Company from the Sole Sponsor and/or the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) at any time prior to 8:00 a.m. on the Listing Date:

- (i) there develops, occurs, exists or comes into effect:
  - (a) any event, circumstance, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, political change, economic sanctions (excluding those economic sanctions subsisting as at the date of the Hong Kong Underwriting Agreement which have not materially escalated afterwards), withdrawal of trading privileges (excluding those trading privileges withdrew as at the date of the Hong Kong Underwriting Agreement which have not materially escalated afterwards), calamity, crisis, state of emergency (excluding those states of emergency subsisting as at the date of the Hong Kong Underwriting Agreement which have not materially escalated afterwards), epidemic, pandemic, large-scale outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19 (and such related/mutated form) (excluding those related to the COVID-19 pandemic subsisting as at the date of the Hong Kong Underwriting Agreement which have not materially escalated afterwards), Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, in or affecting, directly or indirectly Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom, any member of the European Union, or any other jurisdiction relevant to our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
  - (b) any change or development involving a prospective change or development, or any event, circumstance or series of events likely to result in or representing any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or

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## UNDERWRITING

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- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or
- (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or by other competent authority), London, the PRC, Singapore, Japan, the European Union (or any member thereof), or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of those places or jurisdictions; or
- (e) any new law or any change or development involving a prospective change in existing laws or any event or circumstance resulting in a change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
- (f) any change or development involving a prospective change or amendment in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Euro, HK\$, JPY, S\$ or RMB against any foreign currencies or a change in the system under which the value of the HK\$ is linked to that of the United States dollar or RMB is linked to any foreign currency(ies)), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting the Global Offering; or
- (g) any actions, writs, suits and proceedings (including, without limitation, any investigation or inquiry by or before any authority), demands, judgements, awards and claims (whether or not any such claim involves or results in any action, suit or proceeding) or action being threatened or instigated or announced against any member of our Group; or
- (h) an authority or any government, political or regulatory body or organisation in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any executive Director or any non-executive Director; or
- (i) there is any valid demand by any creditor for repayment of indebtedness or an order or petition for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

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## UNDERWRITING

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- (j) any change or prospective change or development, or any materialisation of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (k) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (l) except with the prior approval of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any other applicable laws or any requirement or request of the Stock Exchange and/or the SFC;
- (m) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Hong Kong Underwriting Agreement or any event, act or omission which gives or is likely to give rise to any liability of any of our Company or the Controlling Shareholders, being indemnifying parties (“**Indemnifying Parties**”), pursuant to the Hong Kong Underwriting Agreement;
- (n) any of the executive Directors is vacating his/her office; or
- (o) an executive Director being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters or any of them: (1) has or will have or may have a material adverse effect on the assets, liabilities, business, trading position, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, performance, position or condition, financial, operational or otherwise, of our Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest or the distribution of the Offer Shares under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus, the **GREEN** Application Form, the preliminary offering circular, the disclosure package (as defined therein), the final offering circular and any other document issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering and, in each case, all amendments or supplements thereto; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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## UNDERWRITING

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- (ii) there has come to the notice of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):
  - (a) any statement contained in any of this prospectus, the **GREEN** Application Form, the disclosure package (as defined therein), the preliminary offering circular, the final offering circular, the formal notice and/or in any notices, announcements, advertisements, communications or other documents (including any announcement, circular or document pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company or the Selling Shareholder (as applicable) in connection with the Global Offering (including any supplement or amendment thereto) (the “**Offer Related Documents**”) was, when it was issued, or has become, untrue, incorrect, incomplete, misleading or deceptive in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any such documents is not fair and honest and based on reasonable assumptions or reasonable grounds in any material respect; or
  - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of Offer Related Documents; or
  - (c) any material adverse change (whether or not permanent) or any development involving a prospective material adverse change (whether or not permanent) in the assets, liabilities, business, trading position, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, performance, position or condition, financial, operational or otherwise, of our Group taken as a whole; or
  - (d) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable (other than a material breach by any of the Hong Kong Underwriters or the International Underwriters); or
  - (e) there is an any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties pursuant to the terms in the Hong Kong Underwriting Agreement;
  - (f) the approval by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any Sale Shares that may be sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled (other than pursuant to a request by our Company with written consent from the Sole Sponsor and the Joint Global Coordinators), qualified (other than by customary conditions), revoked or withheld; or

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- (g) our Company withdraws this prospectus (and/or any other Offer Related Documents) or the Global Offering;
- (h) any experts (other than the Sole Sponsor) which is named as an expert in “Statutory and General Information — E. Other Information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus, has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and all references to its name included in the form and context in which it respectively appears; or
- (i) there is a prohibition on our Company or the Selling Shareholder for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any Sale Shares that may be sold by the Selling Shareholder pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (j) a material portion of the orders placed or confirmed in the book building process; or
- (k) the investment commitments made by any of the Cornerstone Investors after the signing of the relevant Cornerstone Investment Agreements, have been withdrawn, terminated or cancelled or if any Cornerstone Investor is unable to fulfil its obligations under the respective Cornerstone Investment Agreement which may have a material adverse effect on the Global Offering.

### **Undertakings given to the Stock Exchange pursuant to the Listing Rules**

#### ***By our Company***

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the options which were granted under the Pre-IPO Share Option Scheme, the options which may be granted under the Post-IPO Share Option Scheme and/or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

#### ***By our Controlling Shareholders***

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme, he/she/it will not, and will procure that the registered holder(s) of the Shares will not:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities of our Company in respect of which he/she/it is shown in this prospectus to be the beneficial owner (the “**Relevant Shares**”); or



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## UNDERWRITING

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- (b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would then cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to our Company and the Stock Exchange that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (a) when he/she/it pledges or charges any Shares or securities of our Company beneficially owned by him/her/it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Our Company will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

### **Undertakings given to the Hong Kong Underwriters**

#### *Undertakings by our Company*

Our Company has undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme) or otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is falling six months from the Listing Date (the “**First Six-Month Period**”), we will not, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option,

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warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any claim, mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, equitable right, power of sale, hypothecation, retention of title, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind or an agreement, arrangement or obligation to create any of the foregoing (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, or interest in any of the foregoing, as applicable); or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares; or
- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company has also undertaken that it shall not enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a group of controlling shareholders (within the meaning defined in the Listing Rules) of our Company.

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of our Company. The Controlling Shareholders undertake to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings in the Hong Kong Underwriting Agreement.

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## UNDERWRITING

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### *By our Controlling Shareholders*

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including the sale of Sale Shares pursuant to the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme) and the Stock Borrowing Agreement without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) at any time during the First Six-Month Period, he/she/it will not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for him/her/it and the companies controlled by him/her/it (together, the “**Controlled Entities**”) shall not:
  - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, or any such other securities or any interest in any of the foregoing, as applicable) (the “**Relevant Shares**”) or any interest in any company or entity holding, directly or indirectly, any of the Relevant Shares (the “**Holding Entity**”); or
  - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) or an interest in any Holding Entity; or
  - (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
  - (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above, in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period);

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## UNDERWRITING

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- (ii) at any time during the Second Six-Month Period, he/she/it shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in sub-paragraphs (i)(a), (b) or (c) above or offer to or agree to or announce any intention to effect such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he/she/it would cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company;
- (iii) until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any of the transactions specified in paragraphs (i)(a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of our Company, provided that, subject to strict compliance with any requirements of applicable laws (including, and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing herein shall prevent any of the Controlling Shareholders from using Shares or other securities of the Company beneficially owned by him/her/it as security in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong); and
- (iv) he/she/it shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, within the period from the date of this prospectus and ending on the date which is twelve months from the Listing Date, he/she/it will immediately inform our Company, the Sole Sponsor and the Joint Global Coordinators of:

- (i) any pledges or charges of any Shares or other securities (including any interests therein) of our Company beneficially owned by him/her/it, together with the number of Shares or other securities (including any interests therein) of our Company so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (ii) any indication received by him/her/it, either verbal or written, from the pledgee or chargee of any Shares or other securities (including any interests therein) of our Company pledged or charged that such Shares or other securities (including any interests therein) of our Company so pledged or charged will be disposed of.

Our Company undertakes to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that upon receiving such information in writing from any of our Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make an announcement in accordance with the Listing Rules.

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## UNDERWRITING

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### **Underwriters' interests in our Group**

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

### **The Sole Sponsor's Independence**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

### **The International Offering**

#### *International Offering*

In connection with the International Offering, we and the Selling Shareholder expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section headed "Structure of the Global Offering — The International Offering" in this prospectus for further detail.

Under the International Underwriting Agreement, the Selling Shareholder intends to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Joint Global Coordinators on behalf of the International Underwriters from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require the Selling Shareholder to sell up to an aggregate of 50,251,000 Sale Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering and at the final Offer Price, to cover over-allocations in the International Offering, if any.

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## UNDERWRITING

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### **Commission and Expenses**

We will pay the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) an underwriting commission of 2.5% of the aggregate final Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering and the International Offer Shares reallocated to the Hong Kong Public Offering, we will pay an underwriting commission at the rate applicable under the International Underwriting Agreement and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, we may, at our discretion, pay to the Hong Kong Underwriters an additional incentive fee of up to 1.0% of the aggregate final Offer Price of the Hong Kong Offer Shares from the Global Offering.

Based on an Offer Price of HK\$3.75 (being the mid-point of the stated range of the Offer Price between HK\$3.33 and HK\$4.17), the aggregate commissions and estimated expenses (including the incentive fee and assuming full payment), together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK\$78.7 million in total and are payable by us.

### **SELLING SHAREHOLDER**

As part of the Global Offering, the Selling Shareholder will offer up to 50,251,000 Sale Shares for sale if the Over-allotment Option is exercised in full. Assuming the full exercise of the Over-allotment Option and an Offer Price of HK\$3.75 per Share, which represents the mid-point of the indicative Offer Price range, we estimate that the net proceeds to the Selling Shareholder from the Sale Shares (after deduction of proportional underwriting commissions and fees (including the incentive fee and assuming full payment) payable by the Selling Shareholder) will be approximately HK\$181.3 million. We will not receive any of the proceeds from the sale of the Sale Shares pursuant to the exercise of the Over-allotment Option. See “Appendix IV — E. Other Information — 11. Selling Shareholder” for details.

### **Indemnity**

Each of our Company and the Controlling Shareholders have undertaken jointly and severally to indemnify, hold harmless and keep indemnified on demand (on an after-tax basis) each of (i) Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters; (ii) their respective affiliates and their respective delegates referred to in the Hong Kong Underwriting Agreement; (iii) their respective affiliates, and directors, officers, members and employees of such affiliates; (iv) the representatives, assignees and agents of the persons referred to in (i) and (iii) above; and (v) the successors and assigns of all of the foregoing persons, from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company, the Controlling Shareholders and the executive Directors of the Hong Kong Underwriting Agreement.

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## UNDERWRITING

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### Activities by Syndicate Members

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/ or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering — The International Offering — Over-allotment Option” and “Structure of the Global Offering — The International Offering — Stabilisation.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that, when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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## UNDERWRITING

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### MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25.0% of the total issued shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 33,501,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offering”; and
- the International Offering of initially 301,507,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors in Hong Kong) in offshore transactions in reliance on Regulation S of the U.S. Securities Act, as described below in the paragraph headed “The International Offering”.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 335,008,000 Offer Shares in the Global Offering will represent 25% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account any exercise of the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 28.8% of our enlarged share capital immediately following the completion of the Global Offering, without taking into account any exercise of any options which may be granted under the Share Option Schemes.

References in this prospectus to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 33,501,000 Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, without taking into account any exercise of the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set forth below in the paragraph headed “Conditions of the Global Offering”.

### **Allocation**

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools, Pool A and Pool B with any odd board lots being allocated to Pool A:

- **Pool A:** The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and
- **Pool B:** The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Potential investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 16,750,000 Hong Kong Offer Shares will be rejected.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Joint Global Coordinators, subject to the following:

- (a) where the International Offer Shares are fully subscribed or oversubscribed:
  - (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Global Coordinators has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate;
  - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 33,501,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 67,002,000 Offer Shares, representing approximately 20% of the total number of the Offer Shares initially available under the Global Offering;
  - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 100,503,000 Offer Shares (in the case of (1)), 134,004,000 Offer Shares (in the case of (2)) and 167,504,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;
- (b) where the International Offer Shares are undersubscribed:
  - (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless fully underwritten by the Underwriters; and
  - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 33,501,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 67,002,000 Offer Shares, representing approximately 20% of the total number of the Offer Shares initially available under the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the low end of the Offer Price range (i.e. HK\$3.33 per Offer Share) according to Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offering Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK\$4.17 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK\$4,212.02 for one board lot of 1,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK\$4.17 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

## **THE INTERNATIONAL OFFERING**

### **Number of Offer Shares Initially Offered**

We will be initially offering for subscription under the International Offering 301,507,000 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the International Offering will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, without taking into account any exercise of the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme.

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## STRUCTURE OF THE GLOBAL OFFERING

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### **Allocation**

The International Offer Shares will conditionally be offered to selected professional investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Potential investors under the International Offering will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “*book-building*”, is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

### **Reallocation**

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement as described above in the paragraph headed “The Hong Kong Public Offering — Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

### **OVER-ALLOTMENT OPTION**

In connection with the Global Offering, it is expected that the Selling Shareholder will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Selling Shareholder to sell up to 50,251,000 Shares if the Over-allotment Option is exercised in full, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the final Offer Price under the International Offering to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, an announcement will be made.

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## STRUCTURE OF THE GLOBAL OFFERING

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### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the final Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the final Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, potential applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Thursday, 28 October 2021, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

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## STRUCTURE OF THE GLOBAL OFFERING

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- the price of the Shares cannot be assured to stay at or above the final Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

### OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the final Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

### STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with Toridoll HK, a Controlling Shareholder, to borrow, whether on its own or through its affiliates, up to 50,251,000 Shares, representing approximately 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares to be borrowed from Toridoll HK by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be sold upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Toridoll HK or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;
- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and
- no payment will be made to Toridoll HK by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

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## STRUCTURE OF THE GLOBAL OFFERING

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### PRICING AND ALLOCATION

Our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will determine the final Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Tuesday, 28 September 2021, and in any event, not later than Wednesday, 6 October 2021.

The final Offer Price will not be more than HK\$4.17 per Offer Share and is expected to be not less than HK\$3.33 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK\$4.17 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% fee, amounting to a total of HK\$4,212.02 for one board lot of 1,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$4.17, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. Please refer to the section headed “How to apply for Hong Kong Offer Shares” in this prospectus for more detail.

The International Underwriters will be soliciting from potential investors indications of interest in acquiring Offer Shares in the International Offering. Potential professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “*book-building*”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by potential professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, publish on our website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) notices of the reduction. We will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering is opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who have applied for the Hong Kong Public Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such notices and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set forth in the section headed “Summary” in this prospectus and other financial information which may change as a result of such reduction. Upon issue of such notices and the supplemental prospectus, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive and the offer price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.



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## STRUCTURE OF THE GLOBAL OFFERING

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Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in the section headed “Summary” in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to apply for Hong Kong Offer Shares — 11. Publication of results” in this prospectus.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue (including the Sale Shares to be sold by the Selling Shareholder upon the exercise of the Over-allotment Option) and to be issued as described in this prospectus (including any Shares to be issued upon exercise of options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme);
- the final Offer Price having been agreed between us and the Joint Global Coordinators (for themselves and on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

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## STRUCTURE OF THE GLOBAL OFFERING

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in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Saturday, 23 October 2021, being the 30th date after the date of this prospectus.

If, for any reason, the final Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Wednesday, 6 October 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on our website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for Hong Kong Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

### UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the final Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed “Underwriting” in this prospectus.

### SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

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## STRUCTURE OF THE GLOBAL OFFERING

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### DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 7 October 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 7 October 2021.

The Shares will be traded in board lots of 1,000 Shares each.

The stock code of the Shares is 2217.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [www.tamjai-intl.com](http://www.tamjai-intl.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8690 which is available on the following dates:

Thursday, 23 September 2021	—	9:00 a.m. to 9:00 p.m.
Friday, 24 September 2021	—	9:00 a.m. to 9:00 p.m.
Saturday, 25 September 2021	—	9:00 a.m. to 6:00 p.m.
Sunday, 26 September 2021	—	9:00 a.m. to 6:00 p.m.
Monday, 27 September 2021	—	9:00 a.m. to 9:00 p.m.
Tuesday, 28 September 2021	—	9:00 a.m. to 12:00 noon

### 1. HOW TO APPLY

*We will not provide any printed application forms for use by the public.*

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
- (a) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
  - (b) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(a) or (2)(b) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

## 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are a firm, the application must be in the individual members' names. If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the companies ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus or on the designated website under the **White Form eIPO** service and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the **White Form eIPO** Service Provider, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus or on the designated website under the **White Form eIPO** service;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

## HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

#### 4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 1,000 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS							
No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
1,000	4,212.02	20,000	84,240.42	100,000	421,202.11	3,000,000	12,636,063.27
2,000	8,424.05	25,000	105,300.52	200,000	842,404.22	4,000,000	16,848,084.36
3,000	12,636.07	30,000	126,360.64	300,000	1,263,606.33	5,000,000	21,060,105.45
4,000	16,848.08	35,000	147,420.74	400,000	1,684,808.44	6,000,000	25,272,126.54
5,000	21,060.10	40,000	168,480.84	500,000	2,106,010.55	7,000,000	29,484,147.63
6,000	25,272.13	45,000	189,540.95	600,000	2,527,212.65	8,000,000	33,696,168.72
7,000	29,484.15	50,000	210,601.06	700,000	2,948,414.76	9,000,000	37,908,189.81
8,000	33,696.17	60,000	252,721.27	800,000	3,369,616.87	10,000,000	42,120,210.90
9,000	37,908.19	70,000	294,841.48	900,000	3,790,818.98	12,000,000	50,544,253.08
10,000	42,120.22	80,000	336,961.69	1,000,000	4,212,021.09	14,000,000	58,968,295.26
15,000	63,180.32	90,000	379,081.90	2,000,000	8,424,042.18	16,750,000 <sup>(1)</sup>	70,551,353.26

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

#### General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Hong Kong Share Registrar and **White Form eIPO** Service Provider at +852 2862 8690 which is available during

<b>Thursday, 23 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Friday, 24 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Saturday, 25 September 2021</b>	—	<b>9:00 a.m. to 6:00 p.m.</b>
<b>Sunday, 26 September 2021</b>	—	<b>9:00 a.m. to 6:00 p.m.</b>
<b>Monday, 27 September 2021</b>	—	<b>9:00 a.m. to 9:00 p.m.</b>
<b>Tuesday, 28 September 2021</b>	—	<b>9:00 a.m. to 12:00 noon</b>

#### Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 23 September 2021 until 11:30 a.m. on Tuesday, 28 September 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 28 September 2021 or such later time under the “Effects of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists” in this section.

#### No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### *Commitment to sustainability*

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Tam Jai International Co. Limited” **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

## 6. APPLYING THROUGH CCASS EIPO SERVICE

### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Centre  
1/F, One & Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Applying through CCASS EIPO Service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
  - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
  - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

### Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

### Time for Inputting Electronic Application Instructions<sup>(1)</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, 23 September — 9:00 a.m. to 8:30 p.m.
- Friday, 24 September 2021 — 8:00 a.m. to 8:30 p.m.
- Monday, 27 September 2021 — 8:00 a.m. to 8:30 p.m.
- Tuesday, 28 September 2021 — 8:00 a.m. to 12:00 noon

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*Note:*

- (1) These times are in this sub-paragraph subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants .

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 23 September 2021 until 12:00 noon on Tuesday, 28 September 2021 (24 hours daily, except on Tuesday, 28 September 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 28 September 2021, the last application day or such later time as described in “10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instruction via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### **Personal Data**

The following “Personal Data Information Collection Statement” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

By applying through **CCASS EIPO** service or the **White Form eIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

### ***Personal Information Collection Statement***

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of our Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### ***Reasons for the Collection of Your Personal Data***

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to our Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

### *Purposes*

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check or e-Refund payment instruction, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of the holders of our Shares;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Shares and/or regulators and/or any other purposes to which the holders of the Shares may from time to time agree.

### *Transfer of Personal Data*

Personal data held by our Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving banks and principal share registrar;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS; any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

### *Retention of Personal Data*

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### *Access to and Correction of Personal Data*

Holders of the Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company, at our Company's registered address disclosed in "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 28 September 2021, or such later time as described in "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS eIPO** service (directly or indirectly through your **broker** or **custodian**) or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$4.17 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Hong Kong Offer Shares, you will pay HK\$4,212.02.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS eIPO** in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than number of 1,000 shares Hong Kong Offer Shares must be in one of the numbers set out in the table in “4. Minimum Application Amount and Permitted Numbers” in this section. Form, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing and Allocation” in this prospectus.

### 10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above; or
- Extreme Conditions; and/or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 28 September 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 28 September 2021 or if there is/are a tropical cyclone warning signal number 8 or above, “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 6 October 2021 on the Company’s website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at [www.tamjai-intl.com](http://www.tamjai-intl.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Wednesday, 6 October 2021;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, 6 October 2021 to 12:00 midnight on Tuesday, 12 October 2021; and
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, 6 October 2021, Thursday, 7 October 2021, Friday, 8 October 2021 and Monday, 11 October 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### **12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES**

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By applying through the CCASS EIPO service or through the White Form eIPO service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your application is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$4.17 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 6 October 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Wednesday, 6 October 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 7 October 2021 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

#### **Personal Collection**

##### *(i) If you apply through the White Form eIPO service*

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheques(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 6 October 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) and/or refund cheques(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund cheques(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 6 October 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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**(ii) If you apply via through the CCASS EIPO service**

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 6 October 2021, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "11. Publication of results" in this section on Wednesday, 6 October 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 6 October 2021 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 6 October 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 6 October 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the approval of the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-50, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TAM JAI INTERNATIONAL CO. LIMITED AND GUOTAI JUNAN CAPITAL LIMITED**

**Introduction**

We report on the historical financial information of Tam Jai International Co. Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-50, which comprises the consolidated statements of financial position of the Group as at 31 March 2019, 2020 and 2021, the statements of financial position of the Company as at 31 March 2019, 2020 and 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 March 2019, 2020 and 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-50 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 September 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 March 2019, 2020 and 2021 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*****Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

We refer to Note 21(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

**KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
23 September 2021

## HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

**1 Consolidated statements of profit or loss and other comprehensive income**  
(Expressed in Hong Kong dollars)

	Note	Year ended 31 March		
		2019 \$'000	2020 \$'000	2021 \$'000
<b>Revenue</b>	4	1,556,173	1,691,179	1,794,693
Cost of food and beverages consumed		(374,990)	(385,267)	(411,464)
Other revenue	5	1,522	5,922	168,631
Other net gain/(loss)	5	161	(1,647)	(837)
Staff costs		(476,973)	(538,800)	(559,442)
Depreciation of owned property, plant and equipment		(40,610)	(46,192)	(66,482)
Depreciation of right-of-use assets, rental and related expenses		(282,111)	(318,978)	(359,907)
Utilities expenses		(39,411)	(42,057)	(36,135)
Consumables and packaging		(19,716)	(27,615)	(48,818)
Repairs and maintenance		(11,479)	(12,378)	(12,067)
Handling charges		(4,352)	(25,916)	(55,468)
Cleaning expenses		(8,280)	(11,362)	(14,147)
Listing expenses		—	—	(7,231)
Other expenses		(51,553)	(45,754)	(56,586)
Finance costs	7	(11,145)	(12,132)	(14,489)
<b>Profit before taxation</b>	6	237,236	229,003	320,251
Income tax expense	8(a)	(39,527)	(38,107)	(32,459)
<b>Profit for the year</b>		<u>197,709</u>	<u>190,896</u>	<u>287,792</u>

		<u>Year ended 31 March</u>		
		<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>Note</i>		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
	<b>Profit for the year</b>	197,709	190,896	287,792
	<b>Other comprehensive income</b>			
	Item that may be reclassified subsequently to profit or loss:			
	— Exchange differences on translation of financial statements of overseas subsidiaries	—	(275)	987
	<b>Profit and total comprehensive income attributable to equity shareholders of the Company for the year</b>	<u>197,709</u>	<u>190,621</u>	<u>288,779</u>
	Earnings per share ( <i>HK cents</i> )			
	— Basic and diluted	<u>19.8</u>	<u>19.1</u>	<u>28.8</u>

The accompanying notes form part of the Historical Financial Information.

**2 Consolidated statements of financial position***(Expressed in Hong Kong dollars)*

		<b>At 31 March</b>			
		<b>2019</b>	<b>2020</b>	<b>2021</b>	
<i>Note</i>		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	
<b>Non-current assets</b>					
	Property, plant and equipment	11	68,855	114,849	170,556
	Right-of-use assets	11	444,876	501,616	563,846
	Deposits and prepayments	13	69,410	91,669	106,324
	Deferred tax assets	18(b)	11,838	8,667	10,837
			<u>594,979</u>	<u>716,801</u>	<u>851,563</u>
<b>Current assets</b>					
	Inventories	12	8,717	12,963	13,606
	Trade and other receivables	13	10,291	14,888	26,314
	Deposits and prepayments	13	37,439	39,931	40,236
	Current tax recoverable	18(a)	1,536	2,428	2,300
	Bank and cash	14(a)	306,438	304,961	470,963
			<u>364,421</u>	<u>375,171</u>	<u>553,419</u>
<b>Current liabilities</b>					
	Trade and other payables and accruals	16	90,060	110,228	170,165
	Deposits received	16	375	375	375
	Amount due to immediate holding company	15	12,493	12,493	—
	Lease liabilities	17	213,298	235,263	289,465
	Current tax payable	18(a)	1,895	24,240	49,494
	Provisions	19	19,306	19,498	16,571
			<u>337,427</u>	<u>402,097</u>	<u>526,070</u>
	<b>Net current assets/(liabilities)</b>		<u>26,994</u>	<u>(26,926)</u>	<u>27,349</u>
	<b>Total assets less current liabilities</b>		<u>621,973</u>	<u>689,875</u>	<u>878,912</u>

	<i>Note</i>	<b>At 31 March</b>		
		<b>2019</b>	<b>2020</b>	<b>2021</b>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Non-current liabilities</b>				
Lease liabilities	17	231,017	277,742	291,934
Provisions	19	34,192	35,353	41,010
Deferred tax liabilities	18(b)	834	229	494
		<u>266,043</u>	<u>313,324</u>	<u>333,438</u>
<b>NET ASSETS</b>		<u>355,930</u>	<u>376,551</u>	<u>545,474</u>
<b>Capital and reserves</b>				
	21			
Share capital		10	10	10
Reserves		<u>355,920</u>	<u>376,541</u>	<u>545,464</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>355,930</u>	<u>376,551</u>	<u>545,474</u>

The accompanying notes form part of the Historical Financial Information.

**3 Statements of financial position of the Company***(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>At 31 March</b>		
		<b>2019</b>	<b>2020</b>	<b>2021</b>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Non-current assets</b>				
Investment in subsidiaries	20	81,725	91,506	104,046
Property, plant and equipment	11	22,005	20,795	28,008
Right-of-use assets	11	41,133	39,728	57,679
Deposits and prepayments		3,534	3,345	4,936
Deferred tax assets		1,120	—	—
		<u>149,517</u>	<u>155,374</u>	<u>194,669</u>
<b>Current assets</b>				
Inventories		6,533	9,805	7,167
Trade and other receivables		37	383	74
Deposits and prepayments		3,360	2,874	3,679
Amounts due from subsidiaries	15	20,099	39,921	—
Current tax recoverable	18(a)	1,268	—	—
Bank and cash	14(a)	<u>108,554</u>	<u>142,492</u>	<u>341,867</u>
		<u>139,851</u>	<u>195,475</u>	<u>352,787</u>
<b>Current liabilities</b>				
Trade and other payables and accruals	16	18,134	30,644	39,909
Deposits received	16	715	375	—
Amounts due to subsidiaries	15	1,787	—	137,972
Amount due to immediate holding company	15	12,493	12,493	—
Lease liabilities	17	13,199	18,985	15,673
Current tax payable	18(a)	568	18,708	31,874
Provisions		<u>4,065</u>	<u>5,622</u>	<u>2,200</u>
		<u>50,961</u>	<u>86,827</u>	<u>227,628</u>
<b>Net current assets</b>		<u>88,890</u>	<u>108,648</u>	<u>125,159</u>
<b>Total assets less current liabilities</b>		<u>238,407</u>	<u>264,022</u>	<u>319,828</u>

	<i>Note</i>	<b>At 31 March</b>		
		<b>2019</b>	<b>2020</b>	<b>2021</b>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Non-current liabilities</b>				
Lease liabilities	17	18,744	15,235	38,974
Provisions		8,963	9,694	9,283
Deferred tax liabilities		834	229	313
		<u>28,541</u>	<u>25,158</u>	<u>48,570</u>
<b>NET ASSETS</b>		<u>209,866</u>	<u>238,864</u>	<u>271,258</u>
<b>Capital and reserves</b>				
	21(a)			
Share capital		10	10	10
Reserves		<u>209,856</u>	<u>238,854</u>	<u>271,248</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>209,866</u>	<u>238,864</u>	<u>271,258</u>

The accompanying notes form part of the Historical Financial Information.

**4 Consolidated statements of changes in equity***(Expressed in Hong Kong dollars)*

		Shares held	Share-based	Other	Merger	Exchange	Retained	Total
	Share	for share	compensation	reserve	reserve	reserve	profits	
Note	capital	award scheme	reserve	reserve	reserve	reserve		
	(Note 21(c))	(Note 22)	(Note 21(h))	(Note 21(e))	(Note 21(f))	(Note 21(g))		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2018</b>	10	—	—	20	(6,193)	—	164,384	158,221
<b>Changes in equity for 2019:</b>								
Profit and total comprehensive income for the year	—	—	—	—	—	—	197,709	197,709
Dividends approved and paid in respect of the previous year	21(b)	—	—	—	—	—	(75,000)	(75,000)
Issuance of new shares		—	—	75,000	—	—	—	75,000
<b>Balance at 31 March 2019 and 1 April 2019</b>	10	—	—	75,020	(6,193)	—	287,093	355,930
<b>Changes in equity for 2020:</b>								
Profit for the year	—	—	—	—	—	—	190,896	190,896
Other comprehensive income		—	—	—	—	(275)	—	(275)
Total comprehensive income	—	—	—	—	—	(275)	190,896	190,621
Dividends approved and paid in respect of the previous year	21(b)	—	—	—	—	—	(170,000)	(170,000)
<b>Balance at 31 March 2020 and 1 April 2020</b>	10	—	—	75,020	(6,193)	(275)	307,989	376,551
<b>Changes in equity for 2021:</b>								
Profit for the year	—	—	—	—	—	—	287,792	287,792
Other comprehensive income		—	—	—	—	987	—	987
Total comprehensive income	—	—	—	—	—	987	287,792	288,779
Issue of shares under share award scheme	22	—*	—*	—	—	—	—	—
Dividends approved and paid in respect of the previous year	21(b)	—	—	—	—	—	(120,000)	(120,000)
Equity settled share-based transactions	22	—	—	144	—	—	—	144
<b>Balance at 31 March 2021</b>	10	—*	144	75,020	(6,193)	712	475,781	545,474

\* The amount is less than \$1,000.

The accompanying notes form part of the Historical Financial Information.



**5 Consolidated cash flow statements**  
(Expressed in Hong Kong dollars)

		<b>Year ended 31 March</b>		
		<b>2019</b>	<b>2020</b>	<b>2021</b>
<i>Note</i>		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Operating activities</b>				
	Cash generated from operations	516,685	541,592	716,298
	Hong Kong Profits Tax paid	<u>(45,058)</u>	<u>(14,088)</u>	<u>(8,982)</u>
	<b>Net cash generated from operating activities</b>	<u>471,627</u>	<u>527,504</u>	<u>707,316</u>
<b>Investing activities</b>				
	Interest received	557	2,525	1,316
	Payment for purchase of property, plant and equipment	(11,650)	(93,648)	(121,856)
	Proceeds from disposal of property, plant and equipment	<u>471</u>	<u>—</u>	<u>—</u>
	<b>Net cash used in investing activities</b>	<u>(10,622)</u>	<u>(91,123)</u>	<u>(120,540)</u>
<b>Financing activities</b>				
	Capital element of lease rentals paid	(238,963)	(259,326)	(277,979)
	Interest element of lease rentals paid	(11,145)	(12,132)	(14,489)
	Proceeds from issuance of new shares	75,000	—	—
	Increase/(decrease) in amount due to immediate holding company	12,493	—	(12,493)
	Dividends paid	(85,000)	(170,000)	(120,000)
	Listing expenses paid	<u>—</u>	<u>—</u>	<u>(2,325)</u>
	<b>Net cash used in financing activities</b>	<u>(247,615)</u>	<u>(441,458)</u>	<u>(427,286)</u>
	<b>Net increase/(decrease) in cash and cash equivalents</b>	213,390	(5,077)	159,490
	<b>Cash and cash equivalents at the beginning of the year</b>	<u>93,048</u>	<u>306,438</u>	<u>301,361</u>
	<b>Cash and cash equivalents at the end of the year</b>	<u>306,438</u>	<u>301,361</u>	<u>460,851</u>

The accompanying notes form part of the Historical Financial Information.

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

Tam Jai International Co. Limited (the “Company”) is a private limited company incorporated in Hong Kong on 5 May 2015 and has its registered office and principal place of business at Unit B on the 9th Floor and Unit B on the 10th Floor of D2 Place One, No. 9 Cheung Yee Street, Cheung Sha Wan, Kowloon. Its immediate and ultimate holding company are Toridoll Holding Limited and Toridoll Holdings Corporation respectively. Toridoll Holding Limited is a private limited company incorporated in Hong Kong and Toridoll Holdings Corporation is incorporated in Japan with its shares listed on Tokyo Stock Exchange.

The principal activities of the Company are investment holding, food processing and trading of processed food. The Company and its subsidiaries (together, the “Group”) are principally engaged in the operation of restaurants (“Principal Activities”).

During the Relevant Periods, the Principal Activities were carried out by various entities controlled by Toridoll Holdings Corporation. To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent a restructuring (the “Restructuring”) by a series of amalgamations during the three years ended 31 March 2019, 2020 and 2021, as detailed in the section headed “History, Development and Corporate Structure” in the prospectus. Upon completion of the Restructuring, the Company became the holding company of the companies now comprising the Group. As the Principal Activities were ultimately controlled by Toridoll Holdings Corporation during the Relevant Periods and both before and after the Restructuring, the control is not transitory and consequently, there was a continuation of the risks and benefits to Toridoll Holdings Corporation.

Accordingly, the Historical Financial Information has been prepared and presented using the merger basis of accounting as if the Group had always been in existence and consolidated by the Company using the existing book values from Toridoll Holding Limited’s perspective. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements of the Group include the financial performance and cash flows of the Principal Activities for the Relevant Periods as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods (or where a company now comprising the Group was incorporated or acquired at a date later than 1 April 2018, for the period from the date of incorporation or acquisition to 31 March 2021). The consolidated statements of financial position of the Group as at 31 March 2019, 2020 and 2021 have been prepared to present the state of affairs of the Principal Activities as at those dates as if the current group structure had been in existence as at the respective dates (or where a company now comprising the Group was incorporated or acquired at a date later than 1 April 2018, as if the combination had occurred from the date when that company first came under the control of Toridoll Holding Limited). Intra-group balances, transactions and unrealised gains/losses on intra-group transactions were eliminated in full in preparing the Historical Financial Information.

The audited statutory financial statements of the Company for the years ended 31 March 2019, 2020 and 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and unmodified opinions were issued by KPMG.

The Historical Financial Information contained in this prospectus does not constitute the Company’s statutory annual financial statements for any of the financial years ended 31 March 2019, 2020 and 2021. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company’s auditor has reported on these financial statements for the years ended 31 March 2019, 2020 and 2021. The auditor’s reports were unmodified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

As at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies, particulars of which are set out below:

Name of companies	Place and date of incorporation/ establishment	Type of legal entity	Class of shares held	Issued and paid up share capital/ registered capital	Effective percentage of issued share capital/registered capital held by the Company directly	Principal activities
Jointed-Heart Limited (Note a)	Hong Kong/ 25 March 2003	Limited liability company	Ordinary	HK\$10,000	100%	Operation of restaurants
Vennic Limited (Note a)	Hong Kong/ 5 February 2008	Limited liability company	Ordinary	HK\$41,600,402	100%	Operation of restaurants
Tung Tak Sublime Limited (Note b)	Hong Kong/ 14 February 2020	Limited liability company	Ordinary	HK\$1	100%	Operation of central kitchen, management of logistics and warehousing
Tamlaboration Limited (Note b)	Hong Kong/ 14 February 2020	Limited liability company	Ordinary	HK\$1	100%	Provision of administrative and management support services
Tam Jai (Singapore) Pte. Ltd. (Note c)	Singapore/ 22 November 2019	Limited liability company	Ordinary	SGD1,750,000	100%	Operation of restaurants
Tam Jai Catering (Shenzhen) Co., Ltd. 譚仔餐飲(深圳)有限公司 (Notes d, e)	The People's Republic of China ("the PRC")/ 13 November 2019	Wholly Foreign Owned Enterprise	Ordinary	RMB11,000,000	100%	Operation of restaurants

Notes:

- (a) The statutory financial statements were prepared in accordance with HKFRSs issued by the HKICPA and were audited by KPMG for the years ended 31 March 2019, 2020 and 2021.
- (b) The statutory financial statements were prepared in accordance with HKFRSs issued by the HKICPA and were audited by KPMG for the year ended 31 March 2021.
- (c) The statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable in Singapore. The financial statements for the years ended 31 March 2020 and 2021 were audited by Lo Hock Ling & Co.
- (d) The statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC. The financial statements for the year ended 31 December 2020 were audited by 鵬盛會計師事務所(特殊普通合夥).
- (e) The English translation of this entity is for identification only. The official name of the entity established in the PRC is in Chinese.

The Historical Financial Information has been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs consistently throughout the Relevant Periods including HKFRS 9, *Financial Instruments*, HKFRS 15, *Revenue from Contracts with Customers*, HKFRS 16, *Leases* and Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, but except for any new standards or interpretations that are effective for accounting periods beginning on or after 1 April 2021. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 26.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of measurement

The Historical Financial Information is presented in Hong Kong dollars, rounded to the nearest thousand. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

### (b) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

### (c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

**(d) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(f)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives at the following rates:

— Leasehold improvements	Remaining term of the tenancy leases
— Furniture and fixture	20% or 30%
— Machinery and equipment	20% or 30%
— Computer equipment	20% or 30%
— Motor vehicles	25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

**(e) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset — this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected to separate non-lease components and accounts for the lease and non-lease components separately.

***The Group as a lessee***

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (see Note 2(f)(ii)), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16, *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

**(f) Credit losses and impairment of assets**

**(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls for fixed-rate financial assets and trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(n)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**(ii) Impairment of other non-current assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment and right-of-use assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

*— Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).



— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

**(g) Inventories**

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**(h) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(f)(i)).

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

**(j) Trade and other payables and contract liabilities**

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(n)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(h)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

**(k) Employee benefits*****(i) Short term employee benefits and contributions to defined contribution retirement plans***

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

***(ii) Share-based payments***

The fair value of share awards and share options granted to employees is recognised as an employee cost with a corresponding increase in a share-based compensation reserve within equity. The fair value is measured at grant date using the valuation model, taking into account the terms and conditions upon which the share awards and share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards and share options, the total estimated fair value of the share awards and share options is spread over the vesting period, taking into account the probability that the share awards and share options will vest.

During the vesting period, the number of share awards and share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share awards and share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until the share awards are issued (when it is included in the amount recognised in share capital for the shares issued) in the case of share awards or the equity amount is recognised in the share-based compensation reserve until either the share options are exercised (when it is included in the amount recognised in share capital for the shares issued) or the share options expire (when it is released directly to retained profits) in the case of share options.

***(iii) Provision for long service payments***

The Group's net obligation in respect of lump sum long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, and is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

Service cost on the net defined benefit liability is recognised in profit or loss as “staff costs”. Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Remeasurements arising from long service payments, if material, are recognised in other comprehensive income and reflected immediately in retained profits.

**(l) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

**(m) Provisions and contingent liabilities**

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(n) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

**(i) Sale of food and beverages**

The Group recognises revenue from the operation of restaurants which provide catering services. Revenue from the provision of catering services is recognised at a point in time when the services are rendered.

*Loyalty programme*

The Group operates a loyalty programme where customers accumulate reward points from qualified purchases. The reward points earned through qualified purchases entitle the customers to discount future purchases and are considered as a separate performance obligation arising from transactions with customers. The Group estimates the value of the future redemption obligation based on the estimated value of the products or services for which the reward points are expected to be redeemed based on the historical redemption pattern, including an estimate of the lapse of reward points that will not be redeemed.

*Coupons*

The Group receives consideration when customers purchase coupons, estimates the value of the future redemption obligation based on the estimated value of the products or services for which the coupons are expected to be redeemed, and recognises the estimated fair value in the consolidated statement of financial position as a contract liability. Subsequently, the contract liability is recognised as revenue at the point in time when customers redeem the coupons in future purchases, or when the Group is legally released from its obligation when the coupons expire.

**(ii) Interest income**

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(f)(i)).

**(iii) Government grants**

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

**(o) Translation of foreign currencies**

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

**(p) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(q) Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

**Impairment of right-of-use assets and property, plant and equipment**

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that right-of-use assets and property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the right-of-use assets and property, plant and equipment is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

## 4 REVENUE AND SEGMENT REPORTING

## (a) Revenue

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 Historical Financial Information are 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.

## (b) Geographic information

As the Group’s operations and non-current assets are mainly located in Hong Kong, no additional geographical segment information is presented.

## (c) Information about major customers

There was no revenue from an individual customer contributing over 10% of total revenue of the Group during the periods.

## 5 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	Year ended 31 March		
	2019	2020	2021
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Other revenue</b>			
Bank interest income	557	2,525	1,316
Government subsidies ( <i>Note</i> )	—	2,000	154,585
COVID-19-related rent concessions	—	—	11,715
Rent compensation	—	812	—
Sundry income	965	585	1,015
	<u>1,522</u>	<u>5,922</u>	<u>168,631</u>
<b>Other net gain/(loss)</b>			
Gain on early termination of leases	—	107	140
Gain/(loss) on disposal of property, plant and equipment	188	(1,455)	(977)
Loss on disposal of right-of-use assets	(27)	(299)	—
	<u>161</u>	<u>(1,647)</u>	<u>(837)</u>

*Note:* These mainly represented subsidies provided by the Hong Kong Special Administrative Region (“HKSAR”) Government to the Group for the purpose of easing the impact caused by COVID-19. There are no unfulfilled conditions attaching to these government subsidies.

## 6 PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Cost of food and beverages consumed ( <i>Note 12</i> )	374,990	385,267	411,464
Employee benefit expenses (including directors' emoluments ( <i>Note 9</i> ))			
— Salaries, wages and other benefits	455,680	515,042	535,087
— Contributions to defined contribution retirement plans	21,293	23,758	24,355
Depreciation			
— owned property, plant and equipment	40,610	46,192	66,482
— right-of-use assets	243,461	272,607	309,112
Variable lease payments, net of COVID-19-related rent concessions, not included in the measurement of lease liabilities			
— variable lease payments	5,731	6,419	3,860
— COVID-19-related rent concessions, not included in the measurement of lease liabilities	—	(2,225)	(3,860)
Expense relating to leases of low-value assets	1,891	2,534	3,702
Expense relating to leases with remaining lease term ending on or before the end of the reporting period	261	78	506
Impairment loss on property, plant and equipment made/(reversed), net	845	7	(1,126)
Impairment loss on right-of-use assets made/(reversed), net	1,571	744	(522)
Listing expenses	—	—	7,231
Management fee ( <i>Note 25(b)</i> )	17,315	3,399	3,375

## 7 FINANCE COSTS

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Interest on lease liabilities ( <i>Note 14(c)</i> )	11,145	12,132	14,489

**8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
<b>Current tax — Hong Kong Profits Tax</b>			
Provision for the year	42,023	35,180	33,675
(Over)/under-provision in respect of prior years	(37)	361	689
	41,986	35,541	34,364
<b>Deferred tax</b>			
Origination and reversal of temporary differences (Note 18(b))	(2,459)	2,566	(1,905)
<b>Income tax expense</b>	<b>39,527</b>	<b>38,107</b>	<b>32,459</b>

The provision for Hong Kong Profits Tax for the years ended 31 March 2019, 2020 and 2021 is calculated at 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 profits of group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a flat rate of 16.5%.

The provision for Hong Kong Profits Tax for the years ended 31 March 2019, 2020 and 2021 has taken into account a reduction granted by the HKSAR Government of 100% of the tax payable for the years of assessment 2018–19, 2019–20 and 2020–21 subject to a maximum reduction of \$20,000, \$20,000 and \$10,000 respectively for each entity.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. No provision for overseas tax has been made in the consolidated financial statements as the Group did not have any assessable profits for the years ended 31 March 2019, 2020 and 2021.



## (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Profit before taxation	237,236	229,003	320,251
Notional tax on profit before taxation calculated at the rates applicable to profits in the jurisdictions concerned	39,144	37,619	52,271
Tax effect of non-taxable income	(259)	(857)	(26,156)
Tax effect of non-deductible expenses	784	942	3,437
Tax effect of unused tax losses not recognised	157	55	2,166
Tax effect of temporary differences not recognised	(2)	(2)	623
(Over)/under-provision in respect of prior years	(37)	361	689
Statutory tax concession	(200)	(80)	(50)
Others	(60)	69	(521)
Actual tax expense charged to profit or loss	39,527	38,107	32,459

## 9 DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (Note iv)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2019</b>						
<i>Directors</i>						
— Mr Lau Tat Man	—	2,485	—	127	—	2,612
— Mr Leung Chi Wai	—	—	—	—	—	—
— Mr Kobayashi Hiroyuki	—	—	—	—	—	—
— Mr Sakai Jun	—	—	—	—	—	—
	—	2,485	—	127	—	2,612
<b>Year ended 31 March 2020</b>						
<i>Directors</i>						
— Mr Lau Tat Man	—	2,820	1,400	139	—	4,359
— Mr Kobayashi Hiroyuki	—	—	—	—	—	—
— Mr Tanaka Kimihiro	—	—	—	—	—	—
	—	2,820	1,400	139	—	4,359
<b>Year ended 31 March 2021</b>						
<i>Directors</i>						
— Mr Lau Tat Man	—	2,990	1,519	138	17	4,664
— Mr Kobayashi Hiroyuki	—	—	—	—	—	—
— Mr Tanaka Kimihiro	—	—	—	—	—	—
	—	2,990	1,519	138	17	4,664

*Notes:*

- (i) During the years ended 31 March 2019, 2020 and 2021, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in Note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, there was no arrangement under which a director has waived or agreed to waive any emolument during the periods.
- (ii) Total directors' emoluments are included in "employee benefit expenses" (Note 6).
- (iii) Mr Leung Chi Wai and Mr Sakai Jun were appointed as director of the Company on 31 January 2018 and resigned on 1 October 2018 and 1 August 2019 respectively; Mr Lau Tat Man and Mr Kobayashi Hiroyuki were appointed as director of the Company on 1 October 2018; Mr Tanaka Kimihiro was appointed as director of the Company on 1 April 2019; Mr Kobayashi Hiroyuki resigned on 31 July 2020.
- (iv) These represent the estimated value of share awards and share options granted to the directors under the Company's share award and share option schemes. The value of these share awards and share options is measured according to the Group's accounting policies for share-based payments as set out in Note 2(k)(ii). The details of these share awards and share options, including the principal terms and number of awards and options granted, are disclosed in Note 22 to the Historical Financial Information.

**10 INDIVIDUALS WITH HIGHEST EMOLUMENTS**

The five highest paid employees of the Group for the years ended 31 March 2019, 2020 and 2021 included one, one and one director, respectively, whose details of emoluments are set out in Note 9. The aggregate of the emoluments in respect of the remaining four, four and four individuals, respectively, for the years ended 31 March 2019, 2020 and 2021, are as follows:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Salaries and other emoluments	3,037	4,989	5,006
Discretionary bonuses	77	517	1,294
Retirement scheme contributions	81	142	112
Share-based payments	—	—	26
	<u>3,195</u>	<u>5,648</u>	<u>6,438</u>

The emoluments of the four individuals for the years ended 31 March 2019, 2020 and 2021, with the highest emoluments are within the following bands:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$0–\$1,000,000	3	—	—
\$1,000,001–\$1,500,000	1	2	2
\$1,500,001–\$2,000,000	—	2	1
\$2,000,001–\$2,500,000	—	—	1
	<u>—</u>	<u>—</u>	<u>1</u>

## 11 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

*The Group*

	Property, plant and equipment						Sub-total	Total
	Right-of-use	Leasehold	Furniture and	Machinery and	Computer	Motor		
	assets	improvements	fixture	equipment	equipment	vehicles		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Cost:</b>								
At 1 April 2018	820,176	175,169	57,717	38,595	—	3,649	275,130	1,095,306
Additions	248,837	7,976	1,957	1,690	27	—	11,650	260,487
Disposals/write-offs	(177,116)	(5,901)	(3,454)	(557)	—	(693)	(10,605)	(187,721)
At 31 March 2019 and 1 April 2019	891,897	177,244	56,220	39,728	27	2,956	276,175	1,168,072
Additions	340,368	66,564	8,989	9,735	7,610	750	93,648	434,016
Disposals/write-offs	(247,745)	(13,918)	(5,081)	(1,480)	—	—	(20,479)	(268,224)
At 31 March 2020 and 1 April 2020	984,520	229,890	60,128	47,983	7,637	3,706	349,344	1,333,864
Additions	372,090	87,504	3,633	12,413	17,566	740	121,856	493,946
Disposals/write-offs	(274,392)	(15,273)	(3,790)	(1,805)	(6,057)	—	(26,925)	(301,317)
Transfers	—	24,229	(37,939)	1,950	11,760	—	—	—
Exchange adjustment	651	133	2	23	17	—	175	826
At 31 March 2021	1,082,869	326,483	22,034	60,564	30,923	4,446	444,450	1,527,319
<b>Accumulated depreciation and impairment losses:</b>								
At 1 April 2018	379,078	117,760	38,672	17,024	—	2,731	176,187	555,265
Charge for the year	243,461	24,486	8,213	7,385	—	526	40,610	284,071
Write-back on disposals/write-offs	(177,089)	(5,929)	(3,420)	(540)	—	(433)	(10,322)	(187,411)
Impairment loss	1,571	645	200	—	—	—	845	2,416
At 31 March 2019 and 1 April 2019	447,021	136,962	43,665	23,869	—	2,824	207,320	654,341
Charge for the year	272,607	30,170	7,055	7,471	1,276	220	46,192	318,799
Write-back on disposals/write-offs	(237,468)	(13,442)	(4,728)	(854)	—	—	(19,024)	(256,492)
Impairment loss	744	—	2	5	—	—	7	751
At 31 March 2020 and 1 April 2020	482,904	153,690	45,994	30,491	1,276	3,044	234,495	717,399
Charge for the year	309,112	49,539	5,127	7,892	3,653	271	66,482	375,594
Write-back on disposals/write-offs	(272,452)	(15,260)	(3,637)	(1,411)	(5,640)	—	(25,948)	(298,400)
Impairment loss (reversed)/made	(522)	(1,121)	69	(40)	(34)	—	(1,126)	(1,648)
Transfers	—	19,570	(32,002)	2,872	9,560	—	—	—
Exchange adjustment	(19)	(10)	—	1	—	—	(9)	(28)
At 31 March 2021	519,023	206,408	15,551	39,805	8,815	3,315	273,894	792,917
<b>Net book value:</b>								
At 31 March 2019	444,876	40,282	12,555	15,859	27	132	68,855	513,731
At 31 March 2020	501,616	76,200	14,134	17,492	6,361	662	114,849	616,465
At 31 March 2021	563,846	120,075	6,483	20,759	22,108	1,131	170,556	734,402

During the years ended 31 March 2019, 2020 and 2021, management identified certain restaurants which under-performed and estimated the recoverable amounts of the right-of-use assets and property, plant and equipment of these restaurants. Based on these estimates, the carrying amounts of right-of-use assets and property, plant and equipment were written down by \$1,571,000 and \$845,000 for the year ended 31 March 2019, \$744,000 and \$7,000 for the year ended 31 March 2020 and \$718,000 and \$255,000 for the year ended 31 March 2021 respectively. The aggregate recoverable amounts of these restaurants based on their value in use net of relevant lease liabilities amounted to Nil, \$658,000 and \$641,000 as at 31 March 2019, 2020 and 2021 respectively. The estimates of recoverable amounts were based on the value in use of these right-of-use assets and property, plant and equipment, determined using a discount rate of 13%, 14% and 14% as at 31 March 2019, 2020 and 2021 respectively.

During the year ended 31 March 2021, management re-assessed the recoverable amounts of the right-of-use assets and property, plant and equipment of certain restaurants that were subject to impairment loss in prior years as there has been a favourable change in the estimates used to determine the recoverable amount. Based on these estimates, the impairment losses on right-of-use assets and property, plant and equipment of \$1,240,000 and \$1,381,000 were reversed for the year ended 31 March 2021.

For the year ended 31 March 2019, impairment losses of \$1,571,000 and \$845,000 on the carrying amounts of the right-of-use assets and property, plant and equipment were recognised in other expenses.

For the year ended 31 March 2020, impairment losses of \$744,000 and \$7,000 on the carrying amounts of the right-of-use assets and property, plant and equipment were recognised in other expenses.

For the year ended 31 March 2021, the net reversal of impairment losses of \$522,000 and \$1,126,000 on the carrying amounts of the right-of-use assets and property, plant and equipment were recognised in other expenses.

*The Company*

	Property, plant and equipment							Sub-total	Total
	Right-of-use assets	Leasehold improvements	Furniture and fixture	Machinery and equipment	Computer equipment	Motor vehicles			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>									
At 1 April 2018	54,779	35,315	12,638	14,504	—	3,649	66,106	120,885	
Additions	12,844	283	509	187	27	—	1,006	13,850	
Disposals/write-offs	(1,632)	(329)	(182)	—	—	(693)	(1,204)	(2,836)	
At 31 March 2019 and 1 April 2019	65,991	35,269	12,965	14,691	27	2,956	65,908	131,899	
Additions	23,240	6,905	481	69	2,653	750	10,858	34,098	
Disposals/write-offs	(13,542)	(1,772)	—	—	—	—	(1,772)	(15,314)	
Transfers	—	—	(776)	(6)	(16)	—	(798)	(798)	
At 31 March 2020 and 1 April 2020	75,689	40,402	12,670	14,754	2,664	3,706	74,196	149,885	
Additions	40,689	8,290	157	4,203	6,102	—	18,752	59,441	
Disposals/write-offs	(20,748)	(10,025)	—	(18)	—	—	(10,043)	(30,791)	
Transfers	—	3,784	(10,705)	5,919	1,002	(3,706)	(3,706)	(3,706)	
At 31 March 2021	95,630	42,451	2,122	24,858	9,768	—	79,199	174,829	

	Property, plant and equipment							Total \$'000
	Right-of-use assets \$'000	Leasehold improvements \$'000	Furniture and fixture \$'000	Machinery and equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Sub-total \$'000	
	<b>Accumulated depreciation and impairment losses:</b>							
At 1 April 2018	9,428	17,661	7,815	4,860	—	2,731	33,067	42,495
Charge for the year	17,062	6,277	1,929	3,032	—*	526	11,764	28,826
Write-back on disposals/write-offs	(1,632)	(329)	(166)	—	—	(433)	(928)	(2,560)
At 31 March 2019 and 1 April 2019	24,858	23,609	9,578	7,892	—*	2,824	43,903	68,761
Charge for the year	24,545	6,762	1,583	2,975	453	220	11,993	36,538
Write-back on disposals/write-offs	(13,442)	(1,772)	—	—	—	—	(1,772)	(15,214)
Transfers	—	—	(720)	(1)	(2)	—	(723)	(723)
At 31 March 2020 and 1 April 2020	35,961	28,599	10,441	10,866	451	3,044	53,401	89,362
Charge for the year	22,798	5,962	736	3,217	959	—	10,874	33,672
Write-back on disposals/write-offs	(20,808)	(10,025)	—	(15)	—	—	(10,040)	(30,848)
Transfers	—	3,513	(9,567)	5,366	688	(3,044)	(3,044)	(3,044)
At 31 March 2021	37,951	28,049	1,610	19,434	2,098	—	51,191	89,142
<b>Net book value:</b>								
At 31 March 2019	41,133	11,660	3,387	6,799	27	132	22,005	63,138
At 31 March 2020	39,728	11,803	2,229	3,888	2,213	662	20,795	60,523
At 31 March 2021	57,679	14,402	512	5,424	7,670	—	28,008	85,687

\* The amount is less than \$1,000.

**(a) Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

*The Group*

	Note	At 31 March		
		2019	2020	2021
		\$'000	\$'000	\$'000
Properties leased for own use, carried at depreciated cost	(i)	444,876	501,616	563,846

During the years ended 31 March 2019, 2020 and 2021, additions to right-of-use assets were \$248,837,000, \$340,368,000 and \$372,090,000 respectively. These amounts were primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 14(d) and 17, respectively.

*The Company*

	Note	At 31 March		
		2019	2020	2021
		\$'000	\$'000	\$'000
Properties leased for own use, carried at depreciated cost	(i)	41,133	39,728	57,679

During the years ended 31 March 2019, 2020 and 2021, additions to right-of-use assets were \$12,844,000, \$23,240,000 and \$40,689,000 respectively. These amounts were primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of the maturity analysis of lease liabilities are set out in Note 17.

*(i) Properties leased for own use*

The Group has obtained the right to use properties as its restaurants and central kitchens through tenancy agreements. The leases typically run for an initial period of one to six years. Lease payments are usually adjusted upon renewal to reflect market rentals. There are certain lease contracts that include extension and termination options and variable lease payments that are based on sales generated from the restaurants and minimum annual lease payment terms that are fixed. These payment terms are common in restaurants in Hong Kong, Singapore and Mainland China where the Group operates.

**12 INVENTORIES**

Inventories in the consolidated statements of financial position represent food and beverages.

The analysis of the amount of inventories recognised as an expense and included in the consolidated statements of profit or loss and other comprehensive income is as follows:

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Carrying amount of inventories sold	374,990	385,267	411,464

**13 TRADE AND OTHER RECEIVABLES AND DEPOSITS AND PREPAYMENTS**

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Trade receivables, net of loss allowance	2,486	7,936	15,109
Other receivables	7,805	6,952	11,205
Trade and other receivables	10,291	14,888	26,314
Deposits	93,533	114,744	127,169
Prepayments	13,316	16,856	19,391
	117,140	146,488	172,874
<b>Represented by:</b>			
Non-current portion	69,410	91,669	106,324
Current portion	47,730	54,819	66,550
	117,140	146,488	172,874

The amount of the Group's deposits expected to be recovered or recognised as expense after more than one year are rental deposits of \$69,410,000, \$91,669,000 and \$106,324,000 as at 31 March 2019, 2020 and 2021 respectively. All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

#### Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Less than 30 days	2,486	7,936	15,001
31 to 60 days	—	—	66
61 to 90 days	—	—	40
91 to 120 days	—	—	2
	<u>2,486</u>	<u>7,936</u>	<u>15,109</u>

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well-established corporate debtors for which the credit term is generally 30 days.

The loss allowance of the trade receivables as at 31 March 2019, 2020 and 2021 was insignificant.

#### 14 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

##### (a) Cash and cash equivalents comprise:

###### *The Group*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Cast at bank and on hand in the consolidated statement of financial position	306,438	304,961	470,963
Less: pledged deposits	—	(3,600)	(10,112)
Cash and cash equivalents in the consolidated cash flow statement	<u>306,438</u>	<u>301,361</u>	<u>460,851</u>

Included in cash at bank are bank deposits of Nil, \$3,600,000 and \$10,112,000 pledged to a bank as at 31 March 2019, 2020 and 2021 respectively to secure facilities granted to the Group.

###### *The Company*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Cast at bank and on hand in the statement of financial position	108,554	142,492	341,867
Less: pledged deposits	—	(1,600)	(1,603)
Cash and cash equivalents	<u>108,554</u>	<u>140,892</u>	<u>340,264</u>

Included in cash at bank are bank deposits of Nil, \$1,600,000 and \$1,603,000 pledged to a bank as at 31 March 2019, 2020 and 2021 respectively to secure facilities granted to the Company.

## (b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 March		
		2019	2020	2021
		\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before taxation		237,236	229,003	320,251
Adjustments for:				
Depreciation		284,071	318,799	375,594
Bank interest income	5	(557)	(2,525)	(1,316)
COVID-19-related rent concessions received		—	(2,225)	(15,575)
Finance costs	7	11,145	12,132	14,489
Gain on early termination of leases	5	—	(107)	(140)
(Gain)/loss on disposal of property, plant and equipment	5	(188)	1,455	977
Loss on disposal of right-of-use assets	5	27	299	—
Impairment loss on property, plant and equipment made/(reversed), net	6	845	7	(1,126)
Impairment loss on right-of-use assets made/(reversed), net	6	1,571	744	(522)
Provision for unused annual leave	19(a)	6,580	8,922	9,481
Provision for long service payments made/(reversed)	19(b)	1,855	1,790	(1,359)
Net foreign exchange (gain)/loss		—	(275)	888
		542,585	568,019	701,642
Changes in working capital:				
Decrease/(increase) in inventories		587	(4,246)	(643)
Increase in trade and other receivables		(2,268)	(4,597)	(11,426)
Increase in deposits and prepayments		(16,754)	(24,751)	(12,714)
Increase in pledged deposits		—	(3,600)	(6,512)
Increase in trade and other payables and accruals and deposits received		301	20,168	60,015
Utilisation of provision for unused annual leave	19(a)	(6,581)	(6,580)	(8,922)
Utilisation of provision for long service payments	19(b)	(85)	(60)	(371)
Utilisation of provision for reinstatement costs	19(c)	(1,100)	(2,761)	(4,771)
<b>Cash generated from operations</b>		<b>516,685</b>	<b>541,592</b>	<b>716,298</b>



## (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	<b>Amount due to immediate holding company</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
	<i>(Note 15)</i>	<i>(Note 17)</i>	
<b>At 1 April 2018</b>	—	456,180	456,180
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	—	(238,963)	(238,963)
Interest element of lease rentals paid	—	(11,145)	(11,145)
Increase in amount due to immediate holding company	12,493	—	12,493
	<u>12,493</u>	<u>—</u>	<u>12,493</u>
Total changes from financing cash flows	12,493	(250,108)	(237,615)
	<u>12,493</u>	<u>(250,108)</u>	<u>(237,615)</u>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	—	227,098	227,098
Interest expenses <i>(Note 7)</i>	—	11,145	11,145
	<u>—</u>	<u>238,243</u>	<u>238,243</u>
Total other changes	—	238,243	238,243
	<u>—</u>	<u>238,243</u>	<u>238,243</u>
<b>At 31 March 2019 and 1 April 2019</b>	<u>12,493</u>	<u>444,315</u>	<u>456,808</u>
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	—	(259,326)	(259,326)
Interest element of lease rentals paid	—	(12,132)	(12,132)
	<u>—</u>	<u>(271,458)</u>	<u>(271,458)</u>
Total changes from financing cash flows	—	(271,458)	(271,458)
	<u>—</u>	<u>(271,458)</u>	<u>(271,458)</u>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	—	335,162	335,162
Decrease in lease liabilities from modifying leases during the year	—	(3,700)	(3,700)
Early termination of leases	—	(1,221)	(1,221)
COVID-19-related rent concessions received	—	(2,225)	(2,225)
Interest expenses <i>(Note 7)</i>	—	12,132	12,132
	<u>—</u>	<u>340,148</u>	<u>340,148</u>
Total other changes	—	340,148	340,148
	<u>—</u>	<u>340,148</u>	<u>340,148</u>
<b>At 31 March 2020</b>	<u>12,493</u>	<u>513,005</u>	<u>525,498</u>

	<b>Amount due to immediate holding company</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
	<i>(Note 15)</i>	<i>(Note 17)</i>	
<b>At 1 April 2020</b>	12,493	513,005	525,498
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	—	(277,979)	(277,979)
Interest element of lease rentals paid	—	(14,489)	(14,489)
Decrease in amount due to immediate holding company	<u>(12,493)</u>	<u>—</u>	<u>(12,493)</u>
Total changes from financing cash flows	<u>(12,493)</u>	<u>(292,468)</u>	<u>(304,961)</u>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	—	363,436	363,436
Increase in lease liabilities from modifying leases during the year	—	987	987
Early termination of leases	—	(3,067)	(3,067)
COVID-19-related rent concessions received	—	(15,575)	(15,575)
Interest expenses <i>(Note 7)</i>	—	14,489	14,489
Exchange adjustment	<u>—</u>	<u>592</u>	<u>592</u>
Total other changes	<u>—</u>	<u>360,862</u>	<u>360,862</u>
<b>At 31 March 2021</b>	<u>—</u>	<u>581,399</u>	<u>581,399</u>
<b>(d) Total cash outflow for leases</b>			

Amounts included in the consolidated cash flow statements for lease rentals paid comprise the following:

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Within operating cash flows	7,883	6,806	4,208
Within financing cash flows	<u>250,108</u>	<u>271,458</u>	<u>292,468</u>
	<u>257,991</u>	<u>278,264</u>	<u>296,676</u>

**15 AMOUNTS DUE FROM/TO SUBSIDIARIES AND IMMEDIATE HOLDING COMPANY***The Group*

Amounts due to immediate holding company as at 31 March 2019 and 2020 were non-trade in nature, unsecured, interest-free and repayable on demand.

*The Company*

Amounts due from subsidiaries as at 31 March 2019 and 2020 were unsecured, interest-free and recoverable on demand, of which \$1,004,000 and \$10,732,000 respectively were non-trade in nature and the remaining balances were trade in nature.

Amounts due to subsidiaries as at 31 March 2019 and 2021 were unsecured, interest-free and repayable on demand, of which \$42,000 as at 31 March 2019 were trade in nature and the remaining balances were non-trade in nature.

Amounts due to immediate holding company as at 31 March 2019 and 2020 were non-trade in nature, unsecured, interest-free and repayable on demand.

**16 TRADE AND OTHER PAYABLES AND ACCRUALS AND DEPOSITS RECEIVED**

All of the trade and other payables and accruals and deposits received are expected to be settled or recognised as income or are repayable within one year.

*The Group*

	<b>At 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Trade payables	28,812	28,111	44,595
Other payables and accruals	60,474	81,565	124,543
Contract liabilities	<u>774</u>	<u>552</u>	<u>1,027</u>
Trade and other payables and accruals	90,060	110,228	170,165
Deposits received	<u>375</u>	<u>375</u>	<u>375</u>
	<u><u>90,435</u></u>	<u><u>110,603</u></u>	<u><u>170,540</u></u>

Included in the amount of the Group's trade and other payables and accruals are contract liabilities of \$774,000, \$552,000 and \$1,027,000 as at 31 March 2019, 2020 and 2021 respectively. The Group operates a loyalty programme where customers accumulate reward points for purchases made which entitle them to discount on future purchases. The respective revenue is recognised when the reward points are redeemed or when the reward points expire. Reward points earned as at 31 March 2019 expire by 31 December 2020. Reward points earned as at 31 March 2020 expire by 28 February 2021. Reward points earned as at 31 March 2021 expire by 31 August 2021. In addition, the Group receives consideration when customers purchase coupons from restaurants at the time of purchase. The respective revenue is recognised when the coupons are redeemed for future sales by customers from restaurants or when the coupons expire.

*The Company*

	<b>At 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Trade payables	12,604	14,323	19,279
Other payables and accruals	5,530	16,321	20,630
Trade and other payables and accruals	18,134	30,644	39,909
Deposits received	715	375	—
	<u>18,849</u>	<u>31,019</u>	<u>39,909</u>

**Ageing analysis**

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

*The Group*

	<b>At 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Less than 30 days	28,812	26,161	37,626
31 to 60 days	—	1,855	6,949
61 to 90 days	—	—	20
91 to 120 days	—	—	—
Over 120 days	—	95	—
	<u>28,812</u>	<u>28,111</u>	<u>44,595</u>

*The Company*

	<b>At 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Less than 30 days	12,604	12,479	16,916
31 to 60 days	—	1,749	2,344
61 to 90 days	—	—	19
91 to 120 days	—	—	—
Over 120 days	—	95	—
	<u>12,604</u>	<u>14,323</u>	<u>19,279</u>

## 17 LEASE LIABILITIES

The following table shows the remaining contractual maturities of lease liabilities as at 31 March 2019, 2020 and 2021:

*The Group*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Within 1 year	213,298	235,263	289,465
After 1 year but within 2 years	130,653	178,182	193,668
After 2 years but within 5 years	98,717	96,650	98,266
After 5 years	1,647	2,910	—
	<u>231,017</u>	<u>277,742</u>	<u>291,934</u>
	<u>444,315</u>	<u>513,005</u>	<u>581,399</u>

*The Company*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Within 1 year	13,199	18,985	15,673
After 1 year but within 2 years	10,354	14,904	10,058
After 2 years but within 5 years	8,390	331	28,916
	<u>18,744</u>	<u>15,235</u>	<u>38,974</u>
	<u>31,943</u>	<u>34,220</u>	<u>54,647</u>

## 18 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## (a) Current taxation in the consolidated statements of financial position represents:

*The Group*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Provision for Hong Kong Profits Tax for the year	42,023	35,180	33,675
Provisional Profits Tax paid	(39,646)	(12,166)	(7,969)
	2,377	23,014	25,706
Balance of Profits Tax provision relating to prior years	(2,018)	(1,202)	21,488
	<u>359</u>	<u>21,812</u>	<u>47,194</u>
<b>Represented by:</b>			
Current tax recoverable	(1,536)	(2,428)	(2,300)
Current tax payable	1,895	24,240	49,494
	<u>359</u>	<u>21,812</u>	<u>47,194</u>

The Company

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Provision for Hong Kong Profits Tax for the year	19,868	19,910	16,284
Provisional Profits Tax paid	(20,566)	—	—
	(698)	19,910	16,284
Balance of Profits Tax provision relating to prior years	(2)	(1,202)	15,590
	(700)	18,708	31,874
<b>Represented by:</b>			
Current tax recoverable	(1,268)	—	—
Current tax payable	568	18,708	31,874
	(700)	18,708	31,874

(b) **Deferred tax (assets)/liabilities recognised:**

The components of deferred tax (assets)/liabilities recognised in the consolidated statements of financial position and the movements during the years ended 31 March 2019, 2020 and 2021 are as follows:

	Depreciation in excess of the related depreciation allowances	Unused tax losses	Total
	\$'000	\$'000	\$'000
<b>Deferred tax arising from:</b>			
At 1 April 2018	(7,477)	(1,068)	(8,545)
(Credited)/charged to profit or loss	(3,527)	1,068	(2,459)
At 31 March 2019 and 1 April 2019	(11,004)	—	(11,004)
Charged to profit or loss	2,566	—	2,566
At 31 March 2020 and 1 April 2020	(8,438)	—	(8,438)
Credited to profit or loss	(1,905)	—	(1,905)
At 31 March 2021	(10,343)	—	(10,343)

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated statements of financial position:

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Deferred tax assets	(11,838)	(8,667)	(10,837)
Deferred tax liabilities	834	229	494
	(11,004)	(8,438)	(10,343)

## 19 PROVISIONS

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Provision for unused annual leave	6,580	8,922	9,481
Provision for long service payments	8,229	9,959	8,229
Provision for reinstatement costs	38,689	35,970	39,871
	53,498	54,851	57,581
Less: Amount included under "current liabilities"	(19,306)	(19,498)	(16,571)
	<u>34,192</u>	<u>35,353</u>	<u>41,010</u>

## (a) Provision for unused annual leave

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
At the beginning of the year	6,581	6,580	8,922
Provision made	6,580	8,922	9,481
Utilisation	(6,581)	(6,580)	(8,922)
At the end of the year	<u>6,580</u>	<u>8,922</u>	<u>9,481</u>

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee annual leave entitlements as a result of services rendered by employees up to the end of the reporting period, where there is a contractual obligation or past practice has created a constructive obligation. The amount can be carried forward for next year but will be lapsed after more than one year. All of the amount is expected to be utilised within one year.

## (b) Provision for long service payments

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
At the beginning of the year	6,459	8,229	9,959
Provision made/(reversed)	1,855	1,790	(1,359)
Utilisation	(85)	(60)	(371)
At the end of the year	<u>8,229</u>	<u>9,959</u>	<u>8,229</u>

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to employees who have completed at least five years of services with the Group. The amount payable is dependent on the employees' final salary and years of services, and is reduced by entitlements accrued under the Group's retirement schemes that are attributable to contributions made by the Group. The Group does not set aside any assets to fund the above. All of the amount is expected to be utilised after more than one year.

## (c) Provision for reinstatement costs

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
At the beginning of the year	18,436	38,689	35,970
Additions	21,353	5,206	8,654
Provision reversed	—	(5,164)	—
Utilisation	(1,100)	(2,761)	(4,771)
Exchange adjustment	—	—	18
At the end of the year	<u>38,689</u>	<u>35,970</u>	<u>39,871</u>

Under the terms of the rental agreements signed with landlords, the Group shall remove and reinstate the rental premises at the Group's cost upon expiry of the relevant rental agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred. As at 31 March 2019, 2020 and 2021, the amounts expected to be utilised within one year are \$12,726,000, \$10,576,000 and \$7,090,000 respectively.

## 20 INVESTMENT IN SUBSIDIARIES

*The Company*

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Unlisted shares, at cost	<u>81,725</u>	<u>91,506</u>	<u>104,046</u>

Further details of the principal subsidiaries of the Group are set out in Note 1.

## 21 CAPITAL, RESERVES AND DIVIDENDS

## (a) Components of the Company's capital and reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

*The Company*

	Share capital	Shares held for share award scheme	Share-based compensation reserve	Other reserve	Merger reserve	Retained profits	Total
	<i>(Note 21(c))</i>	<i>(Note 22)</i>	<i>(Note 21(h))</i>	<i>(Note 21(e))</i>	<i>(Note 21(f))</i>		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2018	10	—	—	20	(78)	78,550	78,502
<b>Changes in equity for 2019:</b>							
Profit and total comprehensive income for the year	—	—	—	—	—	131,364	131,364
Dividends approved and paid in respect of the previous year	—	—	—	—	—	(75,000)	(75,000)
Issuance of new shares	—	—	—	75,000	—	—	75,000
Balance at 31 March 2019 and 1 April 2019	<u>10</u>	<u>—</u>	<u>—</u>	<u>75,020</u>	<u>(78)</u>	<u>134,914</u>	<u>209,866</u>



	Share capital <i>(Note 21(c))</i> \$'000	Shares held for share award scheme <i>(Note 22)</i> \$'000	Share-based compensation reserve <i>(Note 21(h))</i> \$'000	Other reserve <i>(Note 21(e))</i> \$'000	Merger reserve <i>(Note 21(f))</i> \$'000	Retained profits \$'000	Total \$'000
<b>Changes in equity for 2020:</b>							
Profit and total comprehensive income for the year	—	—	—	—	—	198,998	198,998
Dividends approved and paid in respect of the previous year	—	—	—	—	—	(170,000)	(170,000)
<b>Balance at 31 March 2020 and 1 April 2020</b>	10	—	—	75,020	(78)	163,912	238,864
<b>Changes in equity for 2021:</b>							
Profit and total comprehensive income for the year	—	—	—	—	—	152,250	152,250
Issue of shares under share award scheme	—*	—*	—	—	—	—	—
Dividends approved and paid in respect of the previous year	—	—	—	—	—	(120,000)	(120,000)
Equity settled share-based transactions	—	—	144	—	—	—	144
<b>Balance at 31 March 2021</b>	10	—*	144	75,020	(78)	196,162	271,258

\* The amount is less than \$1,000.

**(b) Dividends**

Dividends payable to the sole equity shareholder of the Company attributable to the previous financial year, approved and paid during the year:

	Year ended 31 March		
	2019 \$'000	2020 \$'000	2021 \$'000
Interim dividends in respect of the previous financial year, declared and paid during the year	75,000	170,000	120,000

**(c) Issued share capital**

	No. of shares	Amount \$'000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 April 2018, 31 March 2019 and 2020	10,000	10
Share subdivision <i>(Note i)</i>	999,990,000	—
Shares issued under share award scheme <i>(Note ii)</i>	2,024,000	—
At 31 March 2021	1,002,024,000	10

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*Notes:*

- (i) The existing issued ordinary shares in the share capital of the Company, comprising a total number of 10,000 shares with an aggregate value of \$10,000 were subdivided into 1,000,000,000 shares by dividing one share into 100,000 shares in the share capital of the Company, after the sole shareholder's resolution passed on 25 March 2021. Upon the share subdivision became effective, the issued ordinary shares of the Company became \$10,000 divided into 1,000,000,000 subdivided shares. The other rights and terms of the shares remain unchanged upon completion of the share subdivision.
- (ii) On 25 March 2021, 2,024,000 shares are allotted at \$20 in aggregate and held by a trust for a share award scheme as at 31 March 2021.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**(d) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for its shareholders.

The Group defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Hong Kong Companies Ordinance. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

There has been no change in the Group's capital management practices as compared to prior years. The Group is not subject to externally imposed capital requirements in either the current or prior periods.

**(e) Other reserve**

The other reserve comprises the share capital amount arising from the amalgamations among the Company and various entities under common control during the periods pursuant to section 681 of the Hong Kong Companies Ordinance.

**(f) Merger reserve**

The merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control of the shareholders by then during the year ended 31 March 2018.

**(g) Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 2(o).

**(h) Share-based compensation reserve**

The share-based compensation reserve comprises the grant date fair value of unexercised share awards and share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(k)(ii).

**(i) 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 \$197,709,000, \$190,896,000 and \$287,792,000 and the weighted average of 1,000,000,000 ordinary shares for the years ended 31 March 2019, 2020 and 2021 respectively. The number of ordinary shares in issue has taken into account of the share subdivision for one existing share subdivided into 100,000 shares completed pursuant to the sole shareholder's resolution passed on 25 March 2021, and after deducting 2,024,000 shares held by a trust under the share award scheme as detailed in Note 22 to the Historical Financial Information.

*Weighted average number of ordinary shares*

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

**(b) Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$197,709,000, \$190,896,000 and \$287,792,000 and the weighted average number of ordinary shares of 1,000,000,000, 1,000,000,000 and 1,000,066,000 shares for the years ended 31 March 2019, 2020 and 2021 respectively, calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	<b>Year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares used in calculating basic earnings per share	1,000,000	1,000,000	1,000,000
Effect of deemed issue of ordinary shares under the Company's share award scheme	—	—	39
Effect of outstanding share options	—	—	27
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,066</u>

## 22 SHARE-BASED PAYMENTS

**Share award scheme**

On 25 March 2021, a share award scheme (the “Pre-IPO Share Award Scheme”) was adopted by the Company. The Pre-IPO Share Award Scheme is valid and effective for a period of 10 years commencing from 25 March 2021. Pursuant to the rules of the Pre-IPO Share Award Scheme, the Group has set up a trust (the “Share Award Scheme Trust”) for the purpose of administering the Pre-IPO Share Award Scheme and holding the awarded shares before they are vested. The Company has the power to direct the relevant activities of the Share Award Scheme Trust and it has the ability to use its power over the Share Award Scheme Trust to affect its exposure to returns. Therefore, the Share Award Scheme Trust is considered as a controlled structured entity of the Group.

On 25 March 2021, a total of 2,024,000 award shares (the “Awarded Shares”) of the Company were awarded to certain selected employees (including but not limited to directors, executives, officers and other employees, whether full-time or part-time, of any members of the Group) at no consideration. 30% of the total number of the Awarded Shares granted to the grantee will vest from the date on which dealings in the shares first commence on the Hong Kong Stock Exchange Listing Date (the “Listing Date”); 30% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 1st anniversary of the Listing Date; and 40% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 2nd anniversary of the Listing Date. The selected employees must also remain a director or an employee of the Company or its subsidiaries as at the vesting date.

Movements in the number of Awarded Shares are as follows:

	<u>2021</u>
	<b>Number of Awarded Shares granted but not yet vested</b>
At 1 April 2020	—
Awarded Shares granted during the year	<u>2,024,000</u>
At 31 March 2021	<u><u>2,024,000</u></u>

There were no award shares granted, forfeited, vested or outstanding during the years ended 31 March 2019 and 2020.

The aggregate fair value of 2,024,000 Awarded Shares at the date of grant amounted to approximately \$3,445,000, of which \$82,000 was recognised in profit or loss for the year ended 31 March 2021.

**Share option scheme**

On 25 March 2021, a share option scheme (the “Pre-IPO Share Option Scheme”) was adopted for the primary purpose of providing incentives to eligible employees, including directors of the Company, to subscribe for shares in the Company.

On 25 March 2021, a total of 2,848,400 options were granted to certain qualified participants of the Group (including an executive director of the Company) under the Pre-IPO Share Option Scheme. The Pre-IPO Share Option Scheme entitles the grantees to subscribe for a total of 2,848,400 new shares of \$0.85 each in the share capital of the Company.

According to the terms of the Pre-IPO Share Option Scheme, subject to the following vesting dates, any options granted under the Pre-IPO Share Option Scheme may be exercisable at any time prior to the expiry of 10 years from the acceptance date of the grant: (i) 30% of the total number of shares under the options granted to such grantee can be exercised from the Listing Date; (ii) 30% of the total number of shares under the options granted to such grantee can be exercised from the date immediately after the 1st anniversary of the Listing Date; and (iii) 40% of the total number of shares under the options granted to such grantee can be exercised from the date immediately after the 2nd anniversary of the Listing Date.

(a) The terms and conditions of the Pre-IPO Share Option Scheme are as follows:

	<u>Exercise price per share</u>	<u>Number of options</u>	<u>Vesting period</u>	<u>Expiry date</u>
<b>Options granted to directors:</b>				
on 25 March 2021	\$0.85	85,800	From 25 March 2021 to the Listing Date	30 April 2031
on 25 March 2021	\$0.85	85,800	From 25 March 2021 to the date immediately after the 1st anniversary of the Listing Date	30 April 2031
on 25 March 2021	\$0.85	114,400	From 25 March 2021 to the date immediately after the 2nd anniversary of the Listing Date	30 April 2031
<b>Options granted to employees:</b>				
on 25 March 2021	\$0.85	768,720	From 25 March 2021 to the Listing Date	30 April 2031
on 25 March 2021	\$0.85	768,720	From 25 March 2021 to the date immediately after the 1st anniversary of the Listing Date	30 April 2031
on 25 March 2021	\$0.85	1,024,960	From 25 March 2021 to the date immediately after the 2nd anniversary of the Listing Date	30 April 2031
Total number of share options		<u>2,848,400</u>		

(b) The number and weighted average exercise prices of share options are as follows:

	<u>2021</u>	
	<u>Weighted average exercise price</u>	<u>Number of options '000</u>
Outstanding at the beginning of the year	N/A	—
Granted during the year	\$0.85	<u>2,848</u>
Outstanding at the end of the year	\$0.85	<u>2,848</u>
Exercisable at the end of the year	N/A	<u>—</u>

The share options under the Pre-IPO Share Option Scheme outstanding as of 31 March 2021 had an exercise price of \$0.85 per share and a weighted average remaining contractual life of 10.09 years.

*(c) Fair value of the share options and assumptions*

The fair value of the share options granted under the Pre-IPO Share Option Scheme was determined at the date of grant using the Binomial model with the following inputs and based on the respective vesting period of the share options:

Fair value at measurement date	\$0.907 to \$0.934
Share price	N/A
Exercise price	\$0.85
Risk-free interest rate	1.43%
Expected volatility	45.08%
Expected dividend yield	3.5%
Expected exercise multiple	2.2 to 2.8

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of comparable companies' share prices with discounts for lack of marketability. Changes in variables and assumptions may result in changes in the fair value of the share options.

*(d)* The total expense recognised in profit or loss for the year ended 31 March 2021 in respect of the share options is \$62,000.

**23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and rental deposits. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

As at 31 March 2019, 2020 and 2021, the Group does not have any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Historical Financial Information.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past history of making payments when due and current ability to pay, information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the billing date. Normally, the Group does not obtain collateral from customers.

No credit evaluations are performed for retail customers that transact in cash, Octopus or via major credit cards. The Group's trade receivables in connection with sales settled through delivery service platforms such as Deliveroo, Foodpanda and Uber Eats are with high credit rating and no past default history. Given that these assets are short-term in nature and the probability of default is negligible on the basis of high-credit rating issuers, the expected credit loss rates were insignificant and close to zero for the years ended 31 March 2019, 2020 and 2021, and accordingly, no loss allowance was recognised in respect of the trade receivables.

Rental deposits were paid to the landlords of restaurants. The credit quality of the landlords is assessed based on their financial position as well as past experience of the Group in dealing with the respective landlords. The directors are of the opinion that the expected credit loss rates for rental deposits were insignificant and close to zero for the years ended 31 March 2019, 2020 and 2021, and accordingly, no loss allowance was recognised thereon.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 13.

**(b) Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

*At 31 March 2019*

	Contractual undiscounted cash flow				Total	Carrying amount
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables and accruals	89,286	—	—	—	89,286	89,286
Deposits received	375	—	—	—	375	375
Amount due to immediate holding company	12,493	—	—	—	12,493	12,493
Lease liabilities	221,351	134,512	100,643	1,656	458,162	444,315
	<u>323,505</u>	<u>134,512</u>	<u>100,643</u>	<u>1,656</u>	<u>560,316</u>	<u>546,469</u>

*At 31 March 2020*

	Contractual undiscounted cash flow				Total	Carrying amount
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables and accruals	109,676	—	—	—	109,676	109,676
Deposits received	375	—	—	—	375	375
Amount due to immediate holding company	12,493	—	—	—	12,493	12,493
Lease liabilities	245,009	182,655	98,303	2,933	528,900	513,005
	<u>367,553</u>	<u>182,655</u>	<u>98,303</u>	<u>2,933</u>	<u>651,444</u>	<u>635,549</u>

At 31 March 2021

	Contractual undiscounted cash flow				Total	Carrying amount
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables and accruals	169,138	—	—	—	169,138	169,138
Deposits received	375	—	—	—	375	375
Lease liabilities	299,719	197,991	100,199	—	597,909	581,399
	<u>469,232</u>	<u>197,991</u>	<u>100,199</u>	<u>—</u>	<u>767,422</u>	<u>750,912</u>

(c) **Interest rate risk**

The Group's exposure to the interest rate risk is not significant since the Group does not hold any financial instrument of which the fair value or future cash flows will fluctuate because of changes in market interest rates.

(d) **Fair value measurement**

The carrying amounts of the financial assets and liabilities are not materially different from their fair values as at 31 March 2019, 2020 and 2021.

**24 CAPITAL COMMITMENTS**

The Group had the following authorised and contracted capital commitments as at 31 March 2019, 2020 and 2021:

	At 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Contracted for — restaurants	<u>5,073</u>	<u>15,910</u>	<u>9,469</u>

**25 MATERIAL RELATED PARTY TRANSACTIONS**

Other than the transactions and balances disclosed elsewhere in the financial statements, the Group entered into the following related party transactions during the periods.

(a) **Transactions with key management personnel**

All members of key management personnel are the directors of the Group, and their remuneration is disclosed in Note 9.

(b) **Transactions with other related parties**

During the years ended 31 March 2019, 2020 and 2021, the Group entered into the following material related party transactions:

	Year ended 31 March		
	2019	2020	2021
	\$'000	\$'000	\$'000
Management fee to immediate holding company	<u>17,315</u>	<u>3,399</u>	<u>3,375</u>



**(c) Balances with related parties**

Balances with related parties are disclosed in the statements of financial position and in Note 15 to the Historical Financial Information.

**26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2021**

As of the date of this report, the HKICPA has issued the following new standards, amendments and interpretations which are not yet effective for the year ended 31 March 2021 and which have not been adopted in the Historical Financial Information.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 April 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 April 2022
Amendments to HKAS 37, <i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 April 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 April 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 April 2023
HKFRS 17, <i>Insurance Contracts</i>	1 April 2023
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of the above developments is unlikely to have a significant impact on the Group's results of operations and financial position.

**27 SUBSEQUENT EVENTS**

On 22 July 2021, the Company declared an interim dividend of \$280,566,720 to the equity shareholders, of which, \$280,000,000 was paid in July 2021 to Toridoll Holding Limited and \$566,720 was paid in August 2021 to the Share Award Scheme Trust. Such dividend was not accounted for in the Historical Financial Information during the Relevant Periods. The dividend paid to the Share Award Scheme Trust has no impact on the Company's financial information as it is eliminated upon preparation of the financial statements.

On 9 August 2021, a total of 3,000,000 award shares of the Company were granted to certain selected employees pursuant to the Pre-IPO Share Award Scheme as set out in Note 22.

**SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of its subsidiaries comprising the Group in respect of any period subsequent to 31 March 2021.

The information set out below does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 March 2021 as if it had taken place on 31 March 2021. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 March 2021 or any future dates.

	<b>Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 March 2021</b>	<b>Estimated net proceeds from the Global Offering</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 4)</i>	<i>(Notes 3 and 4)</i>
Based on an Offer Price of HK\$3.33 per share	545,474	1,049,079	1,594,553	1.19
Based on an Offer Price of HK\$4.17 per share	<u>545,474</u>	<u>1,320,637</u>	<u>1,866,111</u>	<u>1.40</u>

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 March 2021 is based on the consolidated total equity attributable to equity shareholders of the Company of HK\$545,474,000 as at 31 March 2021, as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Global Offering are based on the minimum and maximum indicative Offer Prices of HK\$3.33 per Share and HK\$4.17 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses which have already been charged to the consolidated statements of profit or loss and other comprehensive income of HK\$7,231,000 during the Relevant Periods), and 335,008,000 shares expected to be issued under the Global Offering. The calculation of such estimated net proceeds takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which are granted under the Pre-IPO and Post-IPO Share Option Schemes, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to allot and issue or repurchase Shares.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share is arrived after the adjustment referred to in the preceding paragraph and on the basis that 1,335,008,000 shares in issue, assuming that 1,000,000,000 shares in issue and outstanding immediately before the completion of the Global Offering and 335,008,000 shares to be issued pursuant to the Global Offering had been completed on 31 March 2021 (excluding 5,024,000 shares on the trust under the Share Award Scheme), but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Pre-IPO and Post-IPO Share Option Schemes, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to allot and issue or repurchase Shares.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2021 to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2021 including but not limited to the dividend of HK\$280,000,000 paid in July 2021 to Toridoll Holding Limited. Had such dividend been paid on 31 March 2021, our unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company as of 31 March 2021 would have been decreased by HK\$280,000,000, and our unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share would have been decreased by approximately HK\$0.21.

**B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF TAM JAI INTERNATIONAL CO. LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Tam Jai International Co. Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 March 2021 and related notes as set out in Part A of Appendix II to the prospectus dated 23 September 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 31 March 2021 as if the Global Offering had taken place at 31 March 2021. As part of this process, information about the Group's financial position as at 31 March 2021 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 March 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

**Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

23 September 2021

*This Appendix contains a summary of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the Articles of Association is available for inspection at the address specified in “Documents delivered to the Registrar of Companies and available for inspection” in Appendix V to this prospectus.*

The Articles of Association were conditionally adopted on 14 September 2021 which will become effective from the date of the Hong Kong Underwriting Agreement. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, other ordinances and subsidiary legislation and the Listing Rules.

### CHANGES IN CAPITAL

The Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Companies Ordinance, including but not limited to:

- (a) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;
- (b) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of the Company;
- (c) capitalising its profits, with or without allotting and issuing new shares;
- (d) allotting and issuing bonus shares with or without increasing its share capital;
- (e) converting all or any of its share into a larger or smaller number of existing shares;
- (f) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, provided always that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”;
- (g) cancelling shares:
  - (i) that, at the date of the passing of the resolution for cancellation, have not been taken or agreed to be taken by any person; or
  - (ii) that have been forfeited; and
- (h) making provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its share capital in any manner allowed by law.

**MODIFICATION OF RIGHTS**

Subject to the provisions of the Companies Ordinance, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) for the time being in issue may, at any time, as well before as during liquidation, be altered or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions contained in the Articles of Association relating to general meetings shall mutatis mutandis apply to every such meeting, except that (a) the quorum thereof shall be not less than two persons holding or representing by proxy one third of the total voting rights of the holders of shares of the class, and that (b) any holder of shares of that class present in person or by proxy may demand a poll.

The provisions of the foregoing Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied.

The special rights conferred upon the holders of the shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* with them.

**TRANSFER OF SHARES**

The right of members to transfer their fully-paid shares shall not be restricted (except where permitted by the Stock Exchange) and shall also be free from all lien.

The instrument of transfer of any shares in the Company shall be in writing and in the usual form or in such other form as the Board may accept and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The instrument of transfer may be executed by hand only or, if the transferor or transferee is a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other ordinance substituted therefor (or its nominee), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. Nothing in the Articles of Association shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

Every instrument of transfer and other documents relating to or affecting the title to any shares of the Company shall be lodged at the registered office of the Company for the time being for registration (or at such other place as the Board may appoint for such purpose) accompanied by the certificate relating to the shares to be transferred and such other evidence as the Directors may require in relation thereto.

All instruments of transfer which shall be registered shall be retained by the Company, but save where fraud is suspected, any instrument of transfer which the Directors refuse to register shall, on demand, be returned to the person lodging the same.



There shall be paid to the Company in respect of the registration of a transfer and of any grant of probate or letters of administration, certificate of marriage or death, power of attorney or other document(s) relating to or affecting the title to any share or for making of any entry in the Register affecting the title to any share such fee (if any) as the Directors may from time to time require or prescribed, provided that such fee (if any) shall not exceed the maximum fees as the Stock Exchange may from time to time prescribe or permit.

### **GENERAL MEETINGS**

The Company shall in respect of each financial year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The annual general meeting shall be held within 6 months after the end of each financial year and at such place(s) as may be determined by the Directors.

The Directors may whenever they think fit, and shall on requisition in accordance with the Companies Ordinance, convene an extraordinary general meeting.

### **NOTICE OF GENERAL MEETINGS**

Subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by not less than notice in writing of at least 21 days (or such longer period as may be required by the Listing Rules), and any other general meeting shall be called by not less than notice in writing of at least 14 days (or such longer period as may be required by the Listing Rules).

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in the Articles of Association or required by the Companies Ordinance, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than 95 per cent of the shares giving that right.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

Subject to sections 576 and 578 of the Companies Ordinance, the notice shall specify the place(s), date and time of a meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. There shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of the Company.

**VOTING AT MEETINGS**

Subject to the provisions of the Companies Ordinance, the Articles of Association and to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised at any general meeting shall be entitled, on a show of hands, to one vote only and, on a poll, to one vote for every fully paid-up share of which he is the holder.

On a poll, votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand in the Register in respect of such share.

Where a member is, under the Listing Rules, required to abstain from voting on any resolution or restricted to voting only for or only against any resolution, any vote cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

**DIRECTORS NEED NOT BE MEMBERS**

A Director need not hold any Shares. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at all general meetings of the Company.

**BORROWING POWERS**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures, debenture stocks, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT**

The Company may, from time to time, by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board.

No person (other than a Director retiring in accordance with the Articles of Association) shall be eligible for election to the office of Director at any general meeting under the last paragraph unless:

- (a) he is recommended by the Board for re-election; or

- (b) he is nominated by notice in writing by a member (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the person or persons appointed for the time being to perform for the Company the duties of the secretary of the Company within the seven-day period (or a longer period as may be determined by the Directors from time to time) commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than seven days prior to the date appointed for such meeting. The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his willingness to be appointed or re-appointed.

Without prejudice to the power of the Company in general meeting in accordance with any of the provisions of the Articles of Association to appoint any person to be a Director, the Board shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to the Board, provided that the number of Directors so appointed shall not exceed the maximum number (if any) determined pursuant to the Articles of Association. Any Directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at each annual general meeting.

The Company may, at any general meeting convened and held in accordance with the Companies Ordinance, by ordinary resolution remove any Director before the expiration of his period of service notwithstanding anything in the Articles of Association or in any agreement between him and the Company (but without prejudice to any claim he may have for damages for termination of such agreement not in accordance with its terms), and may, if thought fit, by ordinary resolution appoint another person in his stead. Any person so elected shall hold office for such time only as the Director in whose place he is elected would have held the same if he had not been removed.

The office of a Director shall *ipso facto* be vacated:

- (a) if he ceases to be a Director by virtue of any provision of the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or he becomes prohibited by law or court order from being a Director;
- (b) if he becomes bankrupt or a receiving order (or, in the case of a company, a winding-up order) is made against him or he makes any arrangement or composition with his creditors generally;
- (c) if he is, or may be, suffering from mental disorder and an order is made by a court claiming jurisdiction in that behalf (whether in Hong Kong or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person by whatever name called to exercise powers with respect to his property or affairs;
- (d) if he is absent from meetings of the Board during a continuous period of six months without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended such meetings in his stead, and the Board passes a resolution that he has by reason of such absence vacated his office;

- (e) if he is removed from office by notice in writing served upon him signed by all other Directors;
- (f) if he serves on the Company notice of his wish to resign, in which case he shall vacate office on the service of such notice to the Company or such later time as is specified in such notice;
- (g) if he is removed by ordinary resolution in accordance with the Companies Ordinance; or
- (h) if he is convicted of an indictable offence.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee appointed by the Board.

#### **DIRECTORS' REMUNERATION AND EXPENSES**

The Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, and such sum (unless otherwise directed by resolution by which it is voted) is to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company in the case of sums paid in respect of Directors' fees.

The Directors shall also be entitled to be repaid their reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or on the discharge of their duties as Directors.

The Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration (if any) as a Director, and may, without prejudice to the payment of ordinary remuneration, be made payable by a lump sum or by way of salary, commission, participation in profits or otherwise as the Board may decide.

#### **DIRECTORS' INTERESTS**

If a Director or any entity connected with the Director is in any way, whether directly or indirectly, interested in a transaction, arrangement or contract or proposed transaction, arrangement or contract with the Company, such Director shall declare the nature and extent of his interest or his connected entities' interest at a meeting of the Directors at which the question of entering into the transaction, arrangement or contract is first taken into consideration, if he knows his interest then exists, or in any other case as soon as reasonably practicable, and in any event at the first meeting of Directors after he knows that he is or has become so interested. Such declaration shall be made in accordance with the Companies Ordinance, the Articles of Association and any other requirements prescribed by the Company for the declaration of interests of Directors in force from time to time. References to an entity connected with a Director shall be construed in accordance with section 486 of the Companies Ordinance.

A general notice in writing given by a Director to the Directors at a meeting of the Directors to the effect that he is a member or a director of a specified company or firm, and is to be regarded as interested in any contract, transaction, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall be deemed to be a sufficient declaration of interest in relation to any contract, transaction, arrangement or dealing so entered into or made if such declaration is made in accordance with the provisions of the Companies Ordinance.

A Director may:

- (a) hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as the Directors may determine and may be paid such extra remuneration for so doing as the Directors may determine, either in addition to or in lieu of any remuneration provided for by or pursuant to the Articles of Association;
- (b) act by himself or his firm in a professional capacity for the Company (other than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, managing directors, joint managing directors, deputy managing directors or officers of such company) and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director or officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the provisions of the Companies Ordinance, no Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any contract, transaction or arrangement entered into by or on behalf of the Company with any Director or any firm or company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realised by any such contract, transaction or arrangement by reason only of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall duly declare the nature and extent of his interest in any contract, transaction or arrangement in accordance with the Articles of Association.

A Director shall not vote (or be counted in the quorum) on any resolution of the Board in respect of any contract or transaction or arrangement or proposal in which he or any of his close associates, is to his knowledge, materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to and the Directors may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- (a) the giving by the Company of any security or indemnity to him or any of his close associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his close associates has assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of the security;
- (c) any proposal concerning an offering of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where he or any of his close associates is or is to be interested as a participant in the underwriting or sub-underwriting of offer;
- (d) any proposal concerning any other company in which he or his close associates are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which he or his close associates are beneficially interested in shares of that company, provided that he and any of his close associates are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of the share capital of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;
- (e) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or his close associates may benefit; or
  - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to him, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of him or his close associates any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates; and
- (f) any contract or arrangement in which he or any of his close associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the Chairman of the meeting) or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his close associates concerned so far as known to him has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting or any of his close associates, such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman so far as known to him has not been fairly disclosed to the Board.

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution suspend or relax the provisions of the Articles of Association to any extent or ratify any transaction not duly authorised by reason of a contravention of Articles of Association.

### **DIVIDENDS**

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution declare a dividend to be paid to the members, according to their respective right and interests in the profits, and may fix the time for payment of such dividend, but no such dividend shall exceed the amount recommended by the Directors. No dividend shall be payable except out of the profits or other distributable reserves of the Company.

Unless and to the extent that the Articles of Association or the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share.

The Directors may, if they think fit, from time to time, resolve to pay to the members such interim dividends as appear to the Directors to be justified. If at any time the share capital of the Company is divided into different classes the Directors may resolve to pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential or special rights in regard to dividend, and provided that the Directors act bona fide they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any share having deferred or non-preferred rights. The Directors may also resolve to pay at half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the payment is justified.

The Board can offer Shareholders the right to choose to receive extra Shares, which are credited as fully paid up, instead of some or all of their cash dividends. The basis of such allotment shall be determined by the Board and the Board shall give notice in writing to the Shareholders of their rights of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective. The Shares allotted shall rank *pari passu* in all respects with the fully paid Shares then in issue save only as regards participation in the relevant dividends or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend.

The Directors may distribute in specie or in kind among the members in satisfaction in whole or in part of any dividend, any of the assets of the Company, and in particular any shares or securities of other companies to which the Company is entitled, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue fractional certificates, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Ordinance and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

#### **INDEMNITY**

Subject to the provisions of the Companies Ordinance, every Director, company secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto.

#### **WINDING UP**

If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively. The winding up is subject to the rights of the holders of any shares which may be issued on special terms or conditions.



**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of our Company**

Our Company was incorporated as a private company with limited liability under the Companies Ordinance on 5 May 2015 in Hong Kong. Our registered office is at Unit B on the 9th Floor and Unit B on the 10th Floor of D2 Place ONE, No. 9 Cheung Yee Street, Cheung Sha Wan, Kowloon, Hong Kong. Our Company changed our company status to a public company limited by shares with effect from 21 September 2021, being the date of the Hong Kong Underwriting Agreement following the approval and adoption of the Articles of Association with effect from 21 September 2021, being the date of the Hong Kong Underwriting Agreement by our Shareholders by way of resolutions in writing passed on 14 September 2021.

As our Company was incorporated in Hong Kong, we are subject to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and the applicable laws of Hong Kong. A summary of certain provisions of the Articles of Association is set out in Appendix III to this prospectus.

**2. Changes in the share capital of our Company**

On the date of the incorporation of our Company on 5 May 2015, 10,000 Shares were allotted and issued to Muswell International.

On 31 January 2018, Muswell International transferred 10,000 Shares to Toridoll HK at a consideration of approximately HK\$744.7 million.

For the purpose of implementing the Share Award Scheme, on 25 March 2021, a total number of 10,000 issued Shares were subdivided into 1,000,000,000 Shares. On the same date, 2,024,000 fully-paid new Shares were allotted and issued to Blessing Keen, a direct wholly-owned subsidiary of the Trustee which holds such Shares on trust on behalf of the grantees, at a subscription price of HK\$20.24. On 9 August 2021, 3,000,000 fully-paid new Shares were further allotted and issued to Blessing Keen which holds such Shares on Trust at a subscription price of HK\$30.00.

Immediately following the completion of the Global Offering (without taking into account any Share which may be allotted and issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme and assuming the Over-allotment Option is not exercised), the share capital of our Company will comprise 1,340,032,000 Shares.

Save as disclosed above and as mentioned in the paragraph headed “4. Resolutions in writing of our Shareholders passed on 14 September 2021” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

**3. Changes in the share capital of our subsidiaries**

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, development and corporate structure" in this prospectus, there has been no alteration in the share capital of our subsidiaries during the two years preceding the date of this prospectus.

**4. Resolutions in writing of our Shareholders passed on 14 September 2021**

- (i) Pursuant to written resolutions of our Shareholders passed on 14 September 2021, among other matters:
  - (a) we approved and conditionally adopted the Articles of Association which will become effective from the date of the Hong Kong Underwriting Agreement;
  - (b) conditional on (aa) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme); (bb) the final Offer Price having been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein (or any conditions as specified in this prospectus), in each case on or before such dates and times as specified in the Underwriting Agreements:
    - (i) the Global Offering was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering;
    - (ii) the Over-allotment Option was approved and our Directors were authorised to approve the transfer of the Sale Shares upon the exercise of the Over-allotment Option;

- (iii) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares not exceeding 20% of the number of issued Shares immediately following the completion of the Global Offering (but taking no account of any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (iv) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Global Offering (but taking no account of any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and
- (v) the general unconditional mandate mentioned in paragraph (iii) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares of our Company bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (iv) above.

## 5. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buyback by our Company of our own securities.

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

#### *(i) Shareholders' approval*

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

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*Note:* Pursuant to the written resolutions passed by our Shareholders on 14 September 2021, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorising the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

#### *(ii) Source of funds*

Buybacks must be funded out of funds legally available for the purpose in accordance with our Articles, the Listing Rules and the applicable laws of Hong Kong. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

#### *(iii) Core connected persons*

The Listing Rules prohibit our Company from knowingly buying back the Shares on the Stock Exchange from a “core connected person”, which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his/her Shares to our Company.

*(b) Reasons for buybacks*

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

*(c) Funding of buyback*

In buying back securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital and/or the gearing position of our Group which, in the opinion of our Directors, are from time to time appropriate for our Group.

*(d) Share capital*

The exercise in full of the Buyback Mandate, on the basis of 1,340,032,000 Shares in issue immediately after the Listing (but not taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme), would result in up to 134,003,200 Shares being bought back by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

*(e) General*

None of our Directors nor, to the best of their knowledge, information and belief, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the Articles, the Companies Ordinance and other applicable laws of Hong Kong.

If as a result of a securities buyback pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Codes), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Code on Takeovers and Mergers as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Takeovers Codes as a result of a buyback pursuant to the Buyback Mandate. Our Directors have no present intention to exercise the power to buy back Shares to such extent.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering (but not taking into account any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 134,003,200 Shares, being 10% of the total number of Shares in issue based on the aforesaid assumptions. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

**B. INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus that are or may be material:

- (a) the Deed of Indemnity;
- (b) the Deed of Non-Competition;
- (c) a cornerstone investment agreement dated 17 September 2021 entered into among Tam Jai International Co. Limited (譚仔國際有限公司), Matthews International Capital Management, LLC, Matthews International Capital Management, LLC (as agent for and on behalf of each of Matthews Asia Funds and the investors including (1) Matthews Asia Funds — Asia Dividend Fund; (2) Matthews Asia Funds — Asia ex Japan Dividend Fund; and (3) Matthews Asia Funds — Asia Small Companies Fund), Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, pursuant to which Matthews International Capital Management, LLC (for its own account and as agent for and on behalf of each of Matthews Asia Funds and the investors including (1) Matthews Asia Funds — Asia Dividend Fund; (2) Matthews Asia Funds — Asia ex Japan Dividend Fund; and (3) Matthews Asia Funds — Asia Small Companies Fund) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong dollar equivalent of US\$10,000,000 (excluding brokerage and levies) at the Offer Price;
- (d) a cornerstone investment agreement dated 17 September 2021 entered into among Tam Jai International Co. Limited (譚仔國際有限公司), China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司), Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, pursuant to which China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong dollar equivalent of US\$3,000,000 (excluding brokerage and levies) at the Offer Price;
- (e) a cornerstone investment agreement dated 17 September 2021 entered into among Tam Jai International Co. Limited (譚仔國際有限公司), Asian Equity Special Opportunities Portfolio Master Fund Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, pursuant to which Asian Equity Special Opportunities Portfolio Master Fund Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong dollar equivalent of US\$3,000,000 (excluding brokerage and levies) at the Offer Price; and
- (f) the Hong Kong Underwriting Agreement.





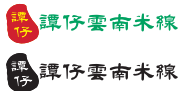





## 2. Intellectual property rights of our Group












### (a) Trademarks





As at the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, are or may be material to our business:








No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
1.		300201581	29	Tam Jai International Co. Limited	Hong Kong	22 April 2004	21 April 2024
2.		300201590	30	Tam Jai International Co. Limited	Hong Kong	22 April 2004	21 April 2024
3.		300842472	43	Tam Jai International Co. Limited	Hong Kong	29 March 2007	28 March 2027
4.	a.  b. 	302715228	43	Tam Jai International Co. Limited	Hong Kong	23 August 2013	22 August 2023
5.		303186018	43	Tam Jai International Co. Limited	Hong Kong	31 October 2014	30 October 2024
6.		303687445	16, 29, 30, 35, 43	Tam Jai International Co. Limited	Hong Kong	17 February 2016	16 February 2026
7.	A.  B. 	303687454	16, 29, 35	Tam Jai International Co. Limited	Hong Kong	17 February 2016	16 February 2026
8.	<b>TamJai SamGor</b>	304492404	16, 29, 30, 35, 43	Tam Jai International Co. Limited	Hong Kong	13 April 2018	12 April 2028
9.		304492413	16, 29, 30, 35, 43	Tam Jai International Co. Limited	Hong Kong	13 April 2018	12 April 2028



No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
10.		304989421	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Hong Kong	11 July 2019	10 July 2029
11.		305012342	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Hong Kong	1 August 2019	31 July 2029
12.	土匪雞翼	305046453	29	Tam Jai International Co. Limited	Hong Kong	4 September 2019	3 September 2029
13.		305046462	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Hong Kong	4 September 2019	3 September 2029
14.		305094702	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Hong Kong	25 October 2019	24 October 2029
15.		305593357	16	Tam Jai International Co., Limited	Hong Kong	15 April 2021	14 April 2031
16.		20492571	43	Tam Jai International Co. Limited	PRC	28 April 2018	27 April 2028
17.		6783090	30	Tam Jai International Co. Limited	PRC	21 April 2010	20 April 2030
18.		42349539	16	Tam Jai International Co. Limited	PRC	14 September 2020	13 September 2030
19.		42349538	29	Tam Jai International Co. Limited	PRC	7 October 2020	6 October 2030
20.		42349537	30	Tam Jai International Co. Limited	PRC	21 September 2020	20 September 2030

No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
21.		42349535	43	Tam Jai International Co. Limited	PRC	14 November 2020	13 November 2030
22.		42349536	35	Tam Jai International Co. Limited	PRC	28 July 2021	27 July 2031
23.		42349534	16	Tam Jai International Co. Limited	PRC	14 August 2020	13 August 2030
24.		42349533	29	Tam Jai International Co. Limited	PRC	14 August 2020	13 August 2030
25.		42349532	30	Tam Jai International Co. Limited	PRC	14 September 2020	13 September 2030
26.		42349530	43	Tam Jai International Co. Limited	PRC	14 November 2020	13 November 2030
27.		42349531	35	Tam Jai International Co. Limited	PRC	28 July 2021	27 July 2031
28.		41569374	16	Tam Jai International Co. Limited	PRC	28 June 2020	27 June 2030
29.		41569373	29	Tam Jai International Co. Limited	PRC	14 July 2020	13 July 2030
30.		41569372	30	Tam Jai International Co. Limited	PRC	28 August 2020	27 August 2030
31.		41569370	43	Tam Jai International Co. Limited	PRC	28 December 2020	27 December 2030

No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
32.		41569371	35	Tam Jai International Co. Limited	PRC	28 July 2021	27 July 2031
33.	譚仔米線	41569384	16	Tam Jai International Co. Limited	PRC	28 June 2020	27 June 2030
34.	譚仔米線	41569383	29	Tam Jai International Co. Limited	PRC	28 June 2020	27 June 2030
35.	譚仔米線	41569381	35	Tam Jai International Co. Limited	PRC	14 February 2021	13 February 2031
36.	譚仔米線	41569380	43	Tam Jai International Co. Limited	PRC	7 January 2021	6 January 2031
37.	譚仔	41569389	16	Tam Jai International Co. Limited	PRC	28 June 2020	27 June 2030
38.	譚仔	41569388	29	Tam Jai International Co. Limited	PRC	14 July 2020	13 July 2030
39.	譚仔	41569387	30	Tam Jai International Co. Limited	PRC	28 August 2020	27 August 2030
40.	譚仔	41569385	43	Tam Jai International Co. Limited	PRC	7 January 2021	6 January 2031
41.	譚仔	41569386	35	Tam Jai International Co. Limited	PRC	21 July 2021	20 July 2031
42.	  	40202000997P	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030

No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
43.		40202000998Q	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030
							
							
							
44.		40202000999W	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030
45.	TAM JAI SAM GOR TamJai SamGor Tam Jai Sam Gor	40202001002Q	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030
46.	TAMJAI SAMGOR MIXIAN	40202010390S	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	20 May 2020	20 May 2030
47.	TAM JAI SAM GOR MIXIAN TamJai SamGor Mixian Tam Jai Sam Gor Mixian	40202010391V	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	20 May 2020	20 May 2030
48.		40202010389R	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	20 May 2020	20 May 2030
49.		40202000996R	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030
50.	譚仔三哥	40202001003W	16, 29, 30, 32, 35, 43	Tam Jai International Co. Limited	Singapore	15 January 2020	15 January 2030

*(b) Domain names*

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which in the opinions of our Directors, are or may be material to our business:

<u>Domain name</u>	<u>Name of registered proprietor</u>	<u>Date of expiry</u>
tamjai-intl.com	Tam Jai International Co. Limited	24 October 2022
tamjaimixian.com	Tam Jai International Co. Limited	8 September 2022
jointedheart.com	Tam Jai International Co. Limited	31 December 2022
tjsamgor.com	Tam Jai International Co. Limited	21 February 2023
tamjai-intl.com.sg	Tam Jai (Singapore) Pte. Ltd.	29 June 2023
tamjaimixian.cn	譚仔餐飲(深圳)有限公司	9 September 2022

**C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

**1. Directors**

*(a) Disclosure of Interests — Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations*

Immediately following completion of the Global Offering (assuming that the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme are not exercised, the interests or short positions of our Directors or chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules to be notified to our Company and the Stock Exchange, once our Shares are listed, will be as follows:

*Interest in our Company*

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Shares interested<sup>(1)</sup></u>	<u>Approximate percentage of shareholding in our Company immediately following completion of the Global Offering<sup>(4)</sup></u>
Mr. Lau Tat Man	Beneficial owner	2,264,000 (L) <sup>(2)</sup>	0.1690%
		286,000 (L) <sup>(3)</sup>	0.0213%
Ms. Chan Ping, Rita	Beneficial owner	1,132,000 (L) <sup>(2)</sup>	0.0845%
		198,000 (L) <sup>(3)</sup>	0.0148%
Mr. Lee Yuk Hang	Beneficial owner	110,000 (L) <sup>(2)</sup>	0.0082%
		22,000 (L) <sup>(3)</sup>	0.0016%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) These Shares are the Shares granted by the Company pursuant to the Share Award Scheme on 25 March 2021 and/or 9 August 2021. Prior to vesting on the respective vesting dates, these Shares are held Blessing Keen, a direct wholly-owned subsidiary of the Trustee of the Employee Trust established by our Company, on trust for the grantees under the Share Award Scheme. Upon vesting on the vesting dates, these Shares will be transferred to the grantees pursuant to the terms of the Share Award Scheme. For details of the Share Award Scheme, please refer to the paragraph headed “D. Share incentive schemes — 1. Share Award Scheme” in this Appendix.
- (3) These Shares are in the form of share options of our Company granted pursuant to the Pre-IPO Share Option Scheme conditionally adopted on 25 March 2021 but had not been exercised as at the Latest Practicable Date. For details of the Pre-IPO Share Option Scheme, please refer to the paragraph headed “D. Share incentive schemes — 2. Pre-IPO Share Option Scheme” in this Appendix.
- (4) Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme.

*(b) Particulars of service agreements and letters of appointments*

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years with effect from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

*(c) Directors' remuneration*

Each of our executive Directors, being Mr. Lau Tat Man, Ms. Chan Ping, Rita and Mr. Lee Yuk Hang, is entitled to receive a monthly remuneration. The aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, share-based payments and pension scheme contributions) paid to our Directors for the years ended 31 March 2019, 2020 and 2021 was approximately HK\$2.6 million, HK\$4.4 million and HK\$4.7 million, respectively. For details, please refer to Note 9 to the Accountants' Report as set out in Appendix I to this prospectus.

Each of the non-executive Directors, namely, Mr. Tanaka Kimihiro (田中公博), Mr. Sugiyama Takashi (杉山孝史) and Mr. Shinkuma Satoshi (新熊聡) is not expected to receive any remuneration for holding their office as non-executive Directors.

We intend to pay a director's fee of HK\$180,000 per annum to each of the independent non-executive Directors, namely, Mr. Loo Kwok Wing, Mr. Lee Kwok Ming and Mr. Yeung Yiu Keung. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as independent non-executive Directors.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind, share-based payments and pension scheme contributions but excluding discretionary bonuses) of our Directors for the year ending 31 March 2022 is estimated to be no more than HK\$15.2 million.

**2. Substantial Shareholders**

Save as disclosed in “Substantial Shareholders” in this prospectus, our Directors are not aware of any person (other than our Directors or chief executive of our Company) who will, immediately following the completion of the Global Offering assuming that the Over-allotment Option, any options which were granted under the Pre-IPO Share Option Scheme or any option which may be granted under the Post-IPO Share Option Scheme is not exercised, have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

**3. Agency fees or commissions received**

Save as disclosed in the section headed “Underwriting” in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

**4. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of our associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules once the Shares are listed;
- (b) none of our Directors or experts referred to under the paragraph headed “E. Other information — 8. Qualification and consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;



- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and
- (f) so far as is known to our Directors, as at the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the total number of Shares in issue has any interests in the five largest customers or the five largest suppliers of our Group.

## D. SHARE INCENTIVE SCHEMES

### 1. Share Award Scheme

The following is a summary of the principal terms of the Share Award Scheme adopted by our Company pursuant to the written resolutions of our then sole Shareholder passed on 25 March 2021.

#### *(a) Purpose*

The Share Award Scheme is a share incentive scheme and is established to recognise the contribution of the employees of our Group towards its growth and success. The Company shall comply with Chapter 14A and other applicable rules of the Listing Rules in respect of the Share Award Scheme upon Listing. The Share Award Scheme will provide the eligible participants with an opportunity to have a personal stake in us with a view to achieving the following objectives:

- (i) motivate the eligible participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain relationships with the eligible participants whose contributions are or will be beneficial to the long term growth of our Group.

*(b) Who may join*

Those eligible participants to participate in the Share Award Scheme include any senior management employee, including without limitation the director, executive, officer and manager-grade employee, whether full time or part time, employed by a member of our Group from time to time; and any consultant employed by our Group, who the Board considers, in its absolute discretion as a grantee.

*(c) Implementation*

For the implementation of the Share Award Scheme, the Employee Trust was established on 25 March 2021 with Trident Trust Company (HK) Limited acting as the Trustee thereof. On 25 March 2021, 2,024,000 new Shares in our Company were allotted and issued to the Trustee for the purpose of the Share Award Scheme, representing approximately 0.20% of the total number of issued Shares as at the Latest Practicable Date and equivalent to approximately 0.15% of the total number of the issued Shares immediately upon completion of the Global Offering (without taking into account any Shares to be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme).

*(d) Grant of the Awarded Shares*

A total of 5,024,000 Shares (the “Awarded Shares”), representing approximately 0.50% of the total number of issued Shares of our Company as at the Latest Practicable Date, were granted to certain selected employees on 25 March 2021 and 9 August 2021, respectively. The details of the grant are as follows:

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Number of Awarded Shares</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering <sup>(Note)</sup></u>
<i>Directors</i>			
Mr. Lau Tat Man	Executive Director, chief executive officer and chairman of our Board	2,264,000	0.1690%
Ms. Chan Ping, Rita	Executive Director and chief financial officer	1,132,000	0.0845%
Mr. Lee Yuk Hang	Executive Director and senior group purchasing manager	110,000	0.0082%

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Number of Awarded Shares</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering <sup>(Note)</sup></u>
<i>Senior management (excluding our Directors)</i>			
Mr. Yeung Siu Cheong	Business development director	110,000	0.0082%
Mr. Lau Chi Kwan	General manager of Vennic	110,000	0.0082%
Mr. Wu Ka Fai	Assistant general manager of Jointed-Heart	88,000	0.0066%
Ms. Tam Chui Ying	Senior business development manager	66,000	0.0049%
<i>Other employees of our Group</i>			
29 participants		<u>1,144,000</u>	<u>0.0854%</u>
Total		<u><u>5,024,000</u></u>	<u><u>0.3749%</u></u>

*Note:* Without taking into account any Shares which may be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme.

**(e) Vesting of the Awarded Shares**

- (i) The Awarded Shares will be vested on the following dates on which the grantee's entitlement to the Awarded Shares and the related income accrues ("Vesting Date"):
- (1) for Awarded Shares granted before the Listing, (aa) 30% of the total number of the Awarded Shares granted to the grantee will vest from the Listing Date; (bb) 30% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 1st anniversary of the Listing Date; and (cc) 40% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 2nd anniversary of the Listing Date; and

- (2) for Awarded Shares granted after the Listing, (aa) 30% of the total number of the Awarded Shares granted to the grantee will vest from the date of final approval by the Board of the total amount of the Awarded Shares to be granted to the relevant grantee (the “**Reference Date**”); (bb) 30% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 1st anniversary of the Reference Date; and (cc) 40% of the total number of the Awarded Shares granted to the grantee will vest from the date immediately after the 2nd anniversary of the Reference Date.
- (ii) The Trustee shall hold such Awarded Shares on behalf of the grantees until they are vested in the grantee in accordance with the rules of the Share Award Scheme, and the vesting conditions as determined at the sole and absolute discretion of the Board. The Trustee shall then cause the Awarded Shares to be transferred to such grantees on the Vesting Date subject to the confirmation by our Company.
- (iii) The grantees are not entitled to sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Awarded Shares or related income referable to him prior to the Vesting Date.

*(f) Lapse*

Unvested Awarded Shares shall lapse and all the unvested Awarded Shares and the related income shall not be vested in the relevant selected employee upon the occurrence of any of the following events:

- (i) a grantee ceases to be an employee, whether by voluntary resignation or dismissal or otherwise or a notice of termination of employment of such grantee has been served (but other than in the event of death, normal retirement or early retirement by agreement of the employee);
- (ii) an order for the winding-up of our Company is made or a resolution is passed for the voluntary winding-up of our Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of our Company pass to a successor company);
- (iii) the subsidiary of our Company by which a grantee is employed or engaged ceases to be a subsidiary of our Company; or
- (iv) the Board has passed a resolution to confirm the Listing will not take place.

*(g) Maximum number of Shares*

The maximum number of Awarded Shares which may be granted to the eligible participants under the Share Award Scheme is such number of Shares representing no more than 10% of the issued share capital of our Company immediately upon completion of the Global Offering, but excluding the Awarded Shares which have been lapsed in accordance with the Share Award Scheme and all Shares which may be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme.

The maximum number of Shares which may be allotted and issued by our Company for the purpose of the grant of the Awarded Shares under the Share Award Scheme in any financial year is such number of Shares representing no more than 3% of the issued share capital of our Company immediately upon completion of the Global Offering, but excluding the Awarded Shares which have been lapsed in accordance with the Share Award Scheme and all Shares which may be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme.

*(h) Termination of the Share Award Scheme*

The Share Award Scheme shall terminate on the earlier of:

- (i) the tenth anniversary date of the date of adoption;
- (ii) the date when an order for the winding-up of our Company is made or a resolution is passed for the voluntary winding-up of our Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of our Company pass to a successor company); and
- (iii) such date of early termination as determined by the Board provided that (aa) the Listing has not occurred on such date of termination; or (bb) such termination shall not affect any subsisting rights of any grantee under the Share Award Scheme.

## 2. Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme conditionally adopted by our Company pursuant to the written resolutions of our then sole Shareholder passed on 25 March 2021.

### *(a) Purpose*

The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise the contribution of the employees of our Group towards its growth and success. The Pre-IPO Share Option Scheme is not subject to Chapter 17 of the Listing Rules. The Company shall comply with Chapter 14A and other applicable rules of the Listing Rules in respect of the Pre-IPO Share Option Scheme upon Listing. The Pre-IPO Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in us with a view to achieving the following objectives:

- (i) motivate the eligible participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain relationships with the eligible participants whose contributions are or will be beneficial to the long term growth of our Group.

### *(b) Who may join*

Those eligible to participate in the Pre-IPO Share Option Scheme include any senior management employee, including without limitation the director, executive, officer and manager-grade employee, whether full time or part time, employed by a member of the Group from time to time; and any consultant employed by the Group, who the Board considers, in its absolute discretion as a grantee.

### *(c) Grant of the Pre-IPO share options*

In recognition of the contributions made by the employees of our Group towards its growth and success, on 25 March 2021, a total of 37 eligible participants were offered options to subscribe for an aggregate of 2,848,400 Shares, representing approximately 0.2126% of the issued Shares immediately following the Global Offering (without taking into account of any Shares which may be issued pursuant to the exercise of any options which were granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme), at an exercise price of HK\$0.85. A full list of such grantees under the Pre-IPO Share Option Scheme, containing all particulars required

under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Listing Rules is set forth below:

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering<sup>(1)</sup></u>
<i>Directors</i>				
Mr. Lau Tat Man	Executive Director, chief executive officer and chairman of our Board	57/F Room B, Block 1, Coastal Skyline, 12 Tung Chung Waterfront Road, Tung Chung, Lantau Island, Hong Kong	286,000	0.0213%
Ms. Chan Ping, Rita	Executive Director and chief financial officer	G/F, Hong Lok Villa, No. 331 Wai Tau Tsuen, Tai Po, N.T., Hong Kong	198,000	0.0148%
Mr. Lee Yuk Hang	Executive Director and senior group purchasing manager	Flat G, 23/F, Block 12, Mayfair Gardens, 2-16 Sai Shan Road, Tsing Yi, N.T., Hong Kong	22,000	0.0016%
<i>Senior management and other employees of our Group</i>				
Mr. Yeung Siu Cheong	Business development director	Flat E, 20/F, Block 3, Marina Habitat, Hong Kong	110,000	0.0082%
Ms. Tam Chui Ying	Senior business development manager	30E, T3, Manhattan Hill, Lai Chi Kok, Kowloon, Hong Kong	22,000	0.0016%
Mr. Lau Chi Kwan	General manager of Vennic	Rm 1207, 12/F, Wing Tong House, Yau Tong Estate, Yau Tong, Kowloon, Hong Kong	154,000	0.0115%
Mr. Wu Ka Fai	Assistant general manager of Jointed-Heart	Flat D, 15/F, Block 3, Mountain Shore, Ma On Shan, N.T., Hong Kong	110,000	0.0082%

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering<sup>(1)</sup></u>
Mr. Persson, Orjan Antonio Ingemar	International development director	Rm A, 6/F, Block 3, Bo Shek Mansion, 328 Sha Tsui Road, Tsuen Wan, N.T., Hong Kong	156,800	0.0117%
Ms. Leung Wai Han	Human resources director	Flat B, 4/F, Prosperity House, 416-418 Prince Edward Road, Kowloon, Hong Kong	132,000	0.0099%
Mr. Charoa-Ungsuthorn Charoa	International operations director	1860 Krung Kasem Road, Pomprab, Bangkok 10100, Thailand	148,500	0.0111%
Mr. Ho Wing Fai	Information technology director	Rm 2619, Pok Chi House, Pok Hong Estate, Shatin, N.T., Hong Kong	88,000	0.0066%
Mr. Lau Tsz Lun	Assistant general manager, operations	Flat F, 29/F, Block 10, Metro Town, Tseung Kwan O, N.T., Hong Kong	132,000	0.0099%
Ms. Lam Yuen Kuk	Finance director	Flat RA, 46/F, Tower 3, The Capitol of LOHAS Park, Tseung Kwan O, N.T., Hong Kong	88,000	0.0066%
Mr. Tong Wai Man	Project director	Flat C, 25/F, Block 5, Baycrest, Ma On Shan, N.T., Hong Kong	88,000	0.0066%
Ms. Wong Ka Po	Assistant internal audit director	Flat G, 8/F, Block 3, Parkland Villas, Tuen Mun, N.T., Hong Kong	88,000	0.0066%
Ms. He Meiqiong	Senior operations manager	Room B, 18/F, Block 14, Sceneway Garden, Lam Tin, Kowloon, Hong Kong	44,000	0.0033%



<u>Grantee</u>	<u>Position held with our Group</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering<sup>(1)</sup></u>
Mr. Wong Chun Hung	Assistant marketing director	Flat B, 14/F, Block 4, Glee Path, Mei Foo Sun Chuen, Mei Foo, Kowloon, Hong Kong	88,000	0.0066%
Ms. Hon Pui Shan	Senior human resources manager	Flat 802, 8/F, Block C, Choi Ming Court, Tseung Kwan O, N.T., Hong Kong	84,400	0.0063%
Mr. Wong Kai Ming	Senior manager, product development	Rm 2, 18/F, On Shing Court, Sheung Shui, N.T., Hong Kong	66,000	0.0049%
Ms. Wong Virginia	Associate director, legal and company secretary	3E, Tower 9, Vista Paradiso, Ma On Shan, N.T., Hong Kong	88,000	0.0066%
Mr. Kee Tak Keung	Senior finance manager	Rm 602, Pak Yuen Hse, Chuk Yuen North Est, Chuk Yuen, Wong Tai Sin, Kowloon, Hong Kong	66,000	0.0049%
Ms. Kan Wai Yin	Senior finance manager	Flat 504, Block E, Kornhill, Quarry Bay, Hong Kong	66,000	0.0049%
Mr. Chow Chi Wing	Senior manager, central kitchen	Flat H, 5/F, Block C, Grandeur Garden, 3 King Fung Path, Tuen Mun, N.T., Hong Kong	44,000	0.0033%
Mr. Wong Kwong Yui	Project manager	Flat E, 10/F, Block 1, Finery Park, 7 Yuk Nga Lane, Tseung Kwan O, N.T., Hong Kong	44,000	0.0033%
Mr. Lau Heung Wing, Adwin	Associate director, marketing	Flat B, 8/F, 25-27 Village Road, Happy Valley, Hong Kong	66,000	0.0049%

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering<sup>(1)</sup></u>
Mr. Lee Ming Hang	Operations manager	Flat 1005, Sheung Mei House, Sheung Tak Est, Tseung Kwan O, N.T., Hong Kong	60,500 <sup>(2)</sup>	0.0045%
Ms. Lam Pik Shan Miran	Finance manager	2/F, Hong Ting Court, 141 Tao Yuen Wai, Lam Tei, Tuen Mun, N.T., Hong Kong	38,500	0.0029%
Ms. Chik Ka Yee	Finance manager	Flat G, 21/F., Block 12, Nan Fung Sun Chuen, Quarry Bay, Hong Kong	38,500	0.0029%
Ms. Ho Suet Man	Group administration manager	4C, Block 7, Yau Tong Centre, Yau Tong, Kowloon, Hong Kong	52,300 <sup>(3)</sup>	0.0039%
Mr. Wu Wai Leung	Finance manager	Flat D, 15/F, Block 10, Dawning Views, 23 Yat Ming Road, Fanling, Hong Kong	44,000	0.0033%
Ms. Yeung Nga Ting	Executive secretary	Flat 1103, Lok Him House, Lok Fu Estate, Kowloon, Hong Kong	22,000	0.0016%
Ms. Lam Yun Yu	Senior operations training manager	Flat A, Floor 17, Block 2, Park Island, Ma Wan, N.T., Hong Kong	22,000	0.0016%
Mr. Ng Tsz Kin	Quality assurance manager	Flat B, 8/F, Block 29, City One Shatin, Sha Tin, N.T., Hong Kong	22,000	0.0016%
Mr. Chau Hok Luk	Senior district manager	Rm 623, Tim Ming House, Wah Ming Estate, Fanling, N.T., Hong Kong	17,500	0.0013%

<u>Grantee</u>	<u>Position held with our Group</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of the issued share capital of our Company after completion of the Global Offering<sup>(1)</sup></u>
Ms. Choi Sau Ling	Support team manager	Rm 1006, 10/F, Kai Cheung Hse, Kai Yip Est, Kowloon Bay, Kowloon, Hong Kong	19,300	0.0014%
Mr. Lam Chi Wah	District manager	Rm 3, 5/F, Block E, Kong Fu Court, Aberdeen Centre, Aberdeen, Hong Kong	15,600	0.0012%
Mr. Ng King Chuen	Senior district manager	Flat D, 25/F, Block 5, Affluence Garden, Tuen Mun, N.T., Hong Kong	16,500	0.0012%
<b>Total</b>			<u>2,848,400</u>	<u>0.2126%</u>

*Notes:*

- (1) Without taking into account any Shares which may be issued upon exercise of any options which were granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme.
- (2) Such options had been lapsed as Mr. Lee Ming Hang had ceased to be an employee of our Group as at the Latest Practicable Date.
- (3) Such options had been lapsed as Ms. Ho Suet Man had ceased to be an employee of our Group as at the Latest Practicable Date.

Except as set out above, no other options have been granted or agreed to be granted by us under the Pre-IPO Share Option Scheme. Application has been made to the Stock Exchange for the approval for the listing of and permission to deal in Shares to be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme.

Our shareholding structure before and after the full exercise of all the options granted under the Pre-IPO Share Option Scheme will be as follows:

Shareholders	Shareholding structure immediately after completion of the Global Offering but before the exercise of the options granted under the Pre-IPO Share Option Scheme		Shareholding structure immediately after completion of the Global Offering and full exercise of the options granted under the Pre-IPO Share Option Scheme	
	Shares	Percentage (approx.)	Shares	Percentage (approx.)
Toridoll HK	1,000,000,000	74.63%	1,000,000,000	74.47%
Grantees under the Share Award Scheme who are core connected persons of our Company <sup>(1)</sup>	3,506,000	0.26%	3,506,000	0.26%
Grantees under the Share Award Scheme who are non-core connected persons of our Company <sup>(1)</sup>	1,518,000	0.11%	1,518,000	0.11%
Grantees under the Pre-IPO Share Option Scheme who are core connected persons of our Company	—	—	506,000	0.04%
Grantees under the Pre-IPO Share Option Scheme who are non-core connected persons of our Company	—	—	2,229,600 <sup>(2)</sup>	0.17%
Other public shareholders	<u>335,008,000</u>	<u>25.00%</u>	<u>335,008,000</u>	<u>24.95%</u>
Total	<u><u>1,340,032,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,342,767,600</u></u>	<u><u>100.00%</u></u>

*Notes:*

- (1) Such Shares are held by Blessing Keen, a direct wholly-owned subsidiary of the Trustee of the Employee Trust established by our Company, on trust for the grantees under the Share Award Scheme. For details of the Share Award Scheme, please refer to the paragraph headed “D. Share incentive schemes — 1. Share Award Scheme” in this Appendix.
- (2) Excluding options granted under the Pre-IPO Share Option Scheme which had been lapsed as at the Latest Practicable Date.

We will not permit the exercise of any Pre-IPO Share Option Scheme by any of our core connected persons if, upon such exercise, we would not be able to attain the minimum public float requirement of the Stock Exchange.

***(d) Time of exercise of option and duration of the Pre-IPO Share Option Scheme***

Subject to the following vesting dates, any options granted under the Pre-IPO Share Option Scheme may be exercisable at any time prior to the expiry of 10 years from the acceptance date of the grant: (i) 30% of the total number of Shares under the options granted to such grantee can be exercised from the Listing Date; (ii) 30% of the total number of Shares under the options granted to such grantee can be exercised from the date immediately after the 1st anniversary of the Listing Date; and (iii) 40% of the total number of Shares under the options granted to such grantee can be exercised from the date immediately after the 2nd anniversary of the Listing Date.

***(e) Price of Shares***

The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme shall be HK\$0.85.

***(f) Rights are personal to grantee***

An option is personal to the grantee and may be exercised in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do.

***(g) Ranking of Shares***

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject as aforesaid, Shares to be allotted on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the fully-paid Shares in issue on the date of issue, in particular but without prejudice to the generality of the foregoing, in respect of voting, transfer and other rights including those arising on a liquidation of the Company and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

***(h) Effect of alterations to capital***

In the event of any bonus issue, rights issue, open offer, subdivision, consolidation of shares, or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the price per Share of each outstanding option and/or the method of exercise of the option as the auditors or the approved independent financial adviser shall certify in writing to our Board, to be in their/his opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplemental guidance attached to the Stock Exchange's letter dated September 5, 2005 to all the issuers relate to share option schemes (the "**Supplemental Guidance**") as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it

was before such event. Any adjustment to be will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

***(i) Expiry of option***

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option period relevant to that option;
- (ii) the date of commencement of the winding-up of our Company in accordance with the Companies Ordinance;
- (iii) the date on which the grantee ceases to be an eligible participant for any reason including gross negligence, wilful misconduct or convicted of a criminal offence; or
- (iv) the date on which our Board shall exercise our right to cancel the option at any time after the grantee commits a breach of paragraph (f) above.

***(j) Alteration of the Pre-IPO Share Option Scheme***

The terms and conditions of the Pre-IPO Share Option Scheme may be altered in any respect by resolution of our Board except that any material alteration to the terms and conditions of the Pre-IPO Share Option Scheme or any change to the terms of options granted or any alteration for the advantage of the grantees of the options or eligible participants in respect of the definition of the eligible participants, option period and grantee shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Pre-IPO Share Option Scheme.

***(k) Cancellation of Options***

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

***(l) Maximum number of Shares***

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is such number of Shares, representing no more than 10% of the issued share capital of our Company immediately upon completion of the Global Offering, but excluding all Shares which may be issued upon the exercise of the options granted or to be granted under the Share Award Scheme and the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme.

***(m) Termination of the Pre-IPO Share Option Scheme***

We may by resolution in general meeting or our Board at any time terminate the Pre-IPO Share Option Scheme. The Pre-IPO Share Option Scheme will automatically terminate upon Listing. In both events of termination, no further option shall be offered but the provisions of the Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

***(n) Administration of our Board***

The Pre-IPO Share Option Scheme shall be subject to the administration of our Board whose decision as to all matters arising in relation to the Pre-IPO Share Option Scheme or its interpretation or effect (except as otherwise provided in the rules of the Pre-IPO Share Option Scheme) shall be final and binding on all parties.

***(o) Conditions of the Pre-IPO Share Option Scheme***

The Pre-IPO Share Option Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions of the shareholder(s) of the Company to approve and adopt the rules of the Pre-IPO Share Option Scheme;
- (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme;
- (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including where relevant, the waiver(s) thereof) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (d) the commencement of dealings in the Shares on the Stock Exchange.

***(p) Disclosure in annual and interim reports***

We will disclose details of the Pre-IPO Share Option Scheme in our annual and interim reports in accordance with the Listing Rules in force from time to time.

### 3. Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by our Company pursuant to the written resolutions of our then sole Shareholder passed on 25 March 2021.

#### *(a) Purpose*

The Post-IPO Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Post-IPO Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

#### *(b) Who may join*

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of our subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of our subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant.



*(c) Acceptance of an offer of Options*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the share capital of our Company.

*(d) Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and under any other share option schemes (including the Pre-IPO Share Option Scheme) of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 134,003,200 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the number of Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the number of Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Post-IPO Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

***(e) Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company to our Shareholders which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time. The circular to be issued by our Company shall contain the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his associates (as defined in the Listing Rules) if the Eligible participant is a connected person (as defined in the Listing Rules)) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to

such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an Option must be accepted;
- (dd) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the Option is offered;
- (ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the Option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the Option;
- (hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- (ii) such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Post-IPO Share Option Scheme and the Listing Rules.

***(f) Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Post-IPO Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

*(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

***(h) Restrictions on the time of grant of Options***

A grant of options shall not be made after inside information has come to the knowledge of our Company until it has been published pursuant to the requirements of the Listing Rules and Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be) and where an option is granted to a Director, no options shall be granted:

- (iii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

***(i) Rights are personal to grantee***

An option and offer to grant an option is personal to the grantee and shall not be transferrable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option held by him or any offer relating to the grant of an option made to him or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Post-IPO Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

***(j) Time of exercise of Option and duration of the Post-IPO Share Option Scheme***

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by our Company in general meeting or by the Board, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

***(k) Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Post-IPO Share Option Scheme can be exercised.

***(l) Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of our subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

***(m) Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of our subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offence involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

***(n) Rights on takeover***

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

***(o) Rights on winding-up***

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our

Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

***(p) Rights on compromise or arrangement between our Company and our members or creditors***

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

***(q) Ranking of Shares***

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options, subject to the provisions of the articles of association of the Company, will carry the same right in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of allotment.

*(r) Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

*(s) Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;



- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of our subsidiaries or the termination of his employment or contract on any one or more of the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

***(t) Alteration of the Post-IPO Share Option Scheme***

The Post-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Post-IPO Share Option Scheme or any change to the terms of options granted,

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Post-IPO Share Option Scheme. The amended terms of the Post-IPO Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

***(u) Cancellation of Options***

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (m).

***(v) Termination of the Post-IPO Share Option Scheme***

Our Company may by resolution in general meeting or the Board at any time terminate the Post-IPO Share Option Scheme and in such event no further option shall be offered but the provisions of the Post-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

***(w) Administration of the Board***

The Post-IPO Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Post-IPO Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

***(x) Condition of the Post-IPO Share Option Scheme***

The Post-IPO Share Option Scheme is conditional on:

- (i) the Stock Exchange granting the approval for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Post-IPO Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the Adoption Date:

- (i) the Post-IPO Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Post-IPO Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Post-IPO Share Option Scheme or any option granted thereunder.

*(y) Disclosure in annual and interim reports*

Our Company will disclose details of the Post-IPO Share Option Scheme in our annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

*(z) Present status of the Post-IPO Share Option Scheme*

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Stock Exchange for the approval for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme, being 134,003,200 Shares in total.

**E. OTHER INFORMATION**

**1. Tax and other indemnities**

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Group on or before the Listing Date; (ii) any claims, fines, penalties, or other liabilities (including without limitation any legal costs) which any member of our Group may suffer, sustain or incur or which may be commenced, brought or instituted against any member of our Group and become payable after the Listing Date arising from undeclared taxation or any failure to pay or any delay in paying the taxation required to be paid by any of members of our Group in violation of all applicable laws and regulations in any other part of the world arising on or before the Listing Date; and (iii) all expenses (if any) arising in connection with any litigation, arbitration or any disputes with a third party occurring on or before the Listing Date that is required to be paid by any member of the Group.

**2. Litigation**

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

**3. Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for the Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of HK\$4.8 million for acting as the sponsor for the Listing.

#### **4. Preliminary expenses**

We did not incur any material preliminary expenses relating to the incorporation of our Company.

#### **5. No material adverse change**

Saved as disclosed in the sections headed “Summary” and “Financial information” in this prospectus, our Directors confirm that there has been no material adverse change in our Group’s financial or trading position since 31 March 2021 (being the date on which the latest audited consolidated financial information of our Group was prepared).

#### **6. Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

#### **7. Taxation of holders of Shares**

##### ***(a) Hong Kong***

##### ***(i) Estate Duty***

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death.

##### ***(ii) Stamp Duty***

Dealing in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.13% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.26% is currently payable on a typical sale and purchase transaction involving the Shares.

##### ***(iii) Dividends***

No tax is imposed in Hong Kong in respect of dividends the Company pays to the Shareholders. Dividends paid to the Shareholders are free of withholding taxes in Hong Kong.

*(iv) Capital gains and profits tax*

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax.

*(b) Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications or subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

**8. Qualification and consents of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Guotai Junan Capital Limited	Licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
KPMG	Certified public accountants  Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Mr. Foster H.C. Yim	Barrister-at-law in Hong Kong
Beijing Dentons Law Offices, LLP (Shenzhen)	Legal advisers to our Company as to PRC law
Drew & Napier LLC	Legal advisers to our Company as to Singapore law
Euromonitor International Limited	Industry consultant

Each of the experts named above has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions, summary of opinions and/or references to its name included herein in the form and context in which it is respectively included.

**9. Interests of experts in our Company**

None of the persons named in the paragraph headed “— 8. Qualifications and consents of experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

**10. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**11. Selling Shareholder**

The name, address and description of Toridoll HK, being the Selling Shareholder offering the Sale Shares for sale pursuant to the exercise of the Over-allotment Option:

Name:	Toridoll Holding Limited (東利多控股有限公司)
Description:	A company incorporated in Hong Kong with limited liability
Address:	Unit 1602, 16/F, No. 100 Queen’s Road Central, Hong Kong
Sale Shares:	Up to 50,251,000 Shares (assuming the Over-allotment Option is exercised in full)

**12. Miscellaneous**

- (a) within the two years immediately preceding the date of this prospectus:
- (i) save as disclosed in the section headed “History, development and corporate structure” in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
  - (iv) no commission has been paid or is payable for subscribing, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in our Company or any of our subsidiaries;

- (b) no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (d) the register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) our Company has no outstanding convertible debt securities or debentures; and
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

### **13. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

**A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were: (a) a copy of **GREEN** Application Forms; (b) the written consents referred to in “Statutory and general information — E. Other information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus; (c) a copy of each of the material contracts referred to in “Statutory and general information — B. Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus; and (d) the statement of particulars of the Selling Shareholder.

**B. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report from KPMG in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended 31 March 2019, 2020 and 2021;
- (e) the legal opinion issued by Beijing Dentons Law Offices, LLP (Shenzhen), our legal advisers as to PRC law, in respect of certain general corporate matters and property interests of our Group in the PRC;
- (f) the legal opinion issued by Drew & Napier LLC, our legal advisers as to Singapore law, in respect of certain general corporate matters and property interests of our Group in Singapore;
- (g) the legal opinion issued by the Legal Counsel referred to in the section headed “Business — Compliance” in this prospectus;
- (h) the material contracts referred to in “Statutory and general information — B. Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (i) the service agreements and letters of appointment with each of our Directors (as applicable) referred to in “Statutory and general information — C. Further information about our Directors and substantial shareholders — 1. Directors — (b) Particulars of service agreements and letters of appointment” in Appendix IV to this prospectus;



- (j) the written consents referred to in “Statutory and general information — E. Other information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus;
- (k) the rules of the Share Award Scheme;
- (l) the rules of the Pre-IPO Share Option Scheme and the list of grantees under the Pre-IPO Share Option Scheme;
- (m) the rules of the Post-IPO Share Option Scheme;
- (n) the Euromonitor Report; and
- (o) the statement of particulars of the Selling Shareholder.

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 譚仔 莫耳 土 譚仔 辣 之 耳 肉  
 先 山 小 喇 麻辣之耳 佳 兒 付 譚仔 勿  
 菜 大白 之 肉 先 翼 走 田 演  
 勿 土匪雞翼 清 譚仔 菜 翼 之 餃 菜 清  
 演 而 旦 演 懶 肉 忍 佳 肉 肉  
 凍 鍊 茶 兒 蛋 實 小 喇 抓 餃 牙



**Tamjai**  
 INTERNATIONAL 譚仔國際

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

香 麻辣  
 辛 辣



用 辣 椒 養 大  
 原創 獨創



High High

三分做事 七分做人

要人跟都跟唔到



特辣  
 加辣

最緊要您覺得回味

辣到噴火!



忍唔忍野?

辣之戀



三哥見

TAMJAI SAMGOR



TAMJAI SAMGOR

實小勒凍鍊茶少田