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Tam Jai International Co. Limited

譚仔國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2217)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Connected Transactions” in the Prospectus in relation to, among others, the 2021 Business Consulting Service Agreement and the 2021 Operations Support Service Agreement. The 2021 Business Consulting Service Agreement and the 2021 Operations Support Service Agreement will expire on 31 March 2024.

The Board announces that on 28 March 2024:

- (i) the Company and Toridoll HK entered into the 2024 Business Consulting Service Agreement, pursuant to which Toridoll HK has agreed to provide the Business Consulting Services to the Company for a term of three years commencing from 1 April 2024 and ending on 31 March 2027 (both days inclusive); and
- (ii) the Company and Toridoll Japan entered into the 2024 Operations Support Service Agreement, pursuant to which Toridoll Japan has agreed to provide the Operations Support Services to the Company for a term of three years commencing from 1 April 2024 and ending on 31 March 2027 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Toridoll HK is interested in approximately 74.26% of the issued share capital of the Company. As Toridoll HK is a wholly-owned subsidiary of Toridoll Japan, each of Toridoll HK and Toridoll Japan is a controlling shareholder of the Company. Therefore, each of Toridoll HK and Toridoll Japan is a connected person of the Company. Accordingly, the transactions contemplated under the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios as defined under the Listing Rules in respect of the annual caps for each of the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement exceeds 0.1% but is less than 5%, the 2024 Business Consulting Service Agreement, the 2024 Operations Support Service Agreement, and the respective transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the section headed "Connected Transactions" in the Prospectus in relation to, among others, the 2021 Business Consulting Service Agreement and the 2021 Operations Support Service Agreement.

As the 2021 Business Consulting Service Agreement and the 2021 Operations Support Service Agreement will expire on 31 March 2024, and the Company intends to continue carrying out the existing arrangements with Toridoll HK with respect to the Business Consulting Services and Toridoll Japan with respect to the Operations Support Services, on 28 March 2024, the Company entered into (i) the 2024 Business Consulting Service Agreement with Toridoll HK; and (ii) the 2024 Operations Support Service Agreement with Toridoll Japan, both for a term of three years.

The principal terms of the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement are set out below:

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

(I) 2024 BUSINESS CONSULTING SERVICE AGREEMENT

Date

28 March 2024

Parties

- (a) the Company; and
- (b) Toridoll HK (a controlling shareholder of the Company).

Term

The 2024 Business Consulting Service Agreement has a term of three years commencing from 1 April 2024 and ending on 31 March 2027 (both days inclusive), and may be renewed subject to the parties' mutual agreement in writing and the Company's compliance with all applicable requirements under the Listing Rules.

Subject matter

Pursuant to the 2024 Business Consulting Service Agreement, Toridoll HK has agreed to provide the following business consulting services to the Company (collectively, the “**Business Consulting Services**”), which include:

- (i) assistance in the development of the strategies for the business of the 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 the 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 the Group.

Pricing policy

Pursuant to the 2024 Business Consulting Service Agreement, the services fee payable by the Company to Toridoll HK for the Business Consulting Services shall be determined on a cost-plus basis taking into account the actual cost (including labour costs based on the actual number of man hours and the applicable hourly rate) incurred by Toridoll HK plus a mark-up at a rate of not more than 3%. Such pricing term was determined by the parties after arm's length negotiation.

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 the Group; and (b) no less favourable than the service fees charged by at least one service provider which is an Independent Third Party in respect of service (ii) above. The finance and compliance department of the Group will review the invoice from Toridoll HK on a monthly basis to ensure the fees charged to the Group are in accordance with the pricing policy as set out above.

Historical transaction amounts

The annual caps for the transactions contemplated under the 2021 Business Consulting Service Agreement for the three years ended/ending 31 March 2024 are as follows:

	Year ended/ending 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual caps:	6,000	6,500	7,000

For the two years ended 31 March 2023 and the eleven months ended 29 February 2024, the total service fees paid or payable by the Company to Toridoll HK for the Business Consulting Services pursuant to the 2021 Business Consulting Service Agreement amounted to approximately HK\$3.3 million, HK\$2.9 million and HK\$0.6 million, respectively. As at the date of this announcement, the annual cap for the year ending 31 March 2024 for the transactions under the 2021 Business Consulting Service Agreement has not been exceeded.

Annual caps

The annual caps for the transactions contemplated under the 2024 Business Consulting Service Agreement for the three years ending 31 March 2027 are as follows:

	Year ending 31 March		
	2025	2026	2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual caps:	3,500	4,000	4,500

Such annual caps are determined with reference to (i) the historical transaction amounts under the 2021 Business Consulting Service Agreement; (ii) the expected labour cost to be incurred by Toridoll HK in providing the Business Consulting Services during the term of the 2024 Business Consulting Service Agreement, taking into account the number and seniority of personnel to be involved; and (iii) a mark-up rate of not more than 3% on the expected labour cost of Toridoll HK for provision of the Business Consulting Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 BUSINESS CONSULTING SERVICE AGREEMENT

The Board is of the view that the Group could benefit from the know-how and expertise of Toridoll HK in restaurant operation through their provision of the Business Consulting Services to the Company, which will assist the Group in developing its business strategies to be in line with

the overall strategy of Toridoll Japan, being a renowned multi-brand restaurants group with global presence, while facilitating the Group's business expansion in its existing markets and into the overseas markets.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that (i) the terms of the 2024 Business Consulting Service Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole; and (ii) the annual caps for those transactions for the three years ending 31 March 2027 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(II) 2024 OPERATIONS SUPPORT SERVICE AGREEMENT

Date

28 March 2024

Parties

- (a) the Company; and
- (b) Toridoll Japan (a controlling shareholder of the Company).

Term

The 2024 Operations Support Service Agreement has a term of three years commencing from 1 April 2024 and ending on 31 March 2027 (both days inclusive), and may be renewed subject to the parties' mutual agreement in writing and the Company's compliance with all applicable requirements under the Listing Rules.

Subject matter

Pursuant to the 2024 Operations Support Service Agreement, Toridoll Japan has agreed to provide the following operations support services to the Company for the Group's operations in Japan (collectively, the "**Operations Support Services**"), which include:

- (a) at the pre-opening phase:
 - (i) assistance in establishing a supply chain management system including the sourcing of suppliers;
 - (ii) assistance in obtaining licences and complying with applicable laws and regulations;
 - (iii) assistance in site selection and tenancy matters of the Group's restaurants;
 - (iv) provision of advice on and assistance in the coordination of design development and construction work for the Group's 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 the Group's 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.

Pricing policy

Pursuant to the 2024 Operations Support Service Agreement, the services fee payable by the Company to Toridoll Japan for the Operations Support Services shall be determined on a cost-plus basis taking into account the actual cost (including labour costs based on the actual number of man hours and the applicable hourly rate) incurred by Toridoll Japan plus a mark-up at a rate of not more than 3%. Such pricing term was determined by the parties after arm's length negotiation.

In determining the mark-up rate, the Company has taken into account the scope of the Operations Support Services to be provided by Toridoll Japan to the Company, the mark-up rate charged by Toridoll Japan to its other subsidiaries for similar services. Such mark-up rate shall be no less favourable to the Group than the service fees charged by Toridoll Japan to its other subsidiaries in respect of similar services. The finance and compliance department of the Group will review the invoice from Toridoll Japan on a monthly basis to ensure the fees charged to the Group are in accordance with the pricing policy as set out above.

Historical transaction amounts

The annual caps for the transactions contemplated under the 2021 Operations Support Service Agreement for the three years ended/ending 31 March 2024 are as follows:

	Year ended/ending 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual caps:	3,000	7,500	8,500

For the two years ended 31 March 2023 and the eleven months ended 29 February 2024, the total service fees paid or payable by the Company to Toridoll Japan for the Operations Support Services pursuant to the 2021 Operations Support Service Agreement amounted to approximately HK\$2.0 million, HK\$1.1 million and HK\$0.8 million, respectively. As at the date of this announcement, the annual cap for the year ending 31 March 2024 for the transactions under the 2021 Operations Support Service Agreement has not been exceeded.

Annual caps

The annual caps for the transactions contemplated under the 2024 Operations Support Service Agreement during the three years ending 31 March 2027 are as follows:

	Year ending 31 March		
	2025	2026	2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual caps:	3,000	3,500	4,000

Such annual caps are determined with reference to (i) the historical transaction amounts under the 2021 Operations Support Service Agreement; (ii) the expected labour cost to be incurred by Toridoll Japan in providing the Operations Support Services during the term of the 2024 Operations Support Service Agreement, taking into account the number and seniority of personnel to be involved; (iii) the expected number of restaurants to be opened by the Group in Japan during the three years ending 31 March 2027; and (iv) a mark-up rate of not more than 3% on the expected labour cost of Toridoll Japan for provision of the Operations Support Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 OPERATIONS SUPPORT SERVICE AGREEMENT

As Toridoll Japan is a renowned multi-brand restaurants group which has ample experience in the food and beverage business in Japan, the Directors believe that its know-how and expertise will assist the Group in the opening of the Group's restaurants and their ongoing development in Japan.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that (i) the terms of the 2024 Operations Support Service Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole; and (ii) the annual caps for those transactions for the three years ending 31 March 2027 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the continuing connected transactions of the Group are being conducted in a fair and reasonable manner and on normal commercial terms, the Group adopts the following internal control methods and procedures:

- (i) the relevant management personnel of the Company will conduct regular checks on a quarterly basis to review and assess whether the relevant continuing connected transaction are being conducted in accordance with the terms of the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement and are on normal commercial terms;
- (ii) the finance department of the Company will review the relevant invoices on a monthly basis to ensure the fees payable are in accordance with the terms of the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement; and
- (iii) the Company also conducts regular quarterly reviews to ensure the transaction amounts are within the relevant annual caps. In addition, where a threshold of 70% of the utilization rate is met, the finance department will alert the management team to consider revising the annual caps in accordance with the relevant requirements of the Listing Rules.

The independent non-executive Directors will review the transactions contemplated under the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement on an annual basis as required under Rule 14A.55 of the Listing Rules and confirm in the Company's annual report whether such transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement(s) governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For compliance with Rule 14A.56 of the Listing Rules, the Company will also engage its external auditors to conduct an annual review of the continuing connected transactions under the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement to ensure that, among others, the transaction amounts are within the annual cap limit and the transactions are in accordance with the terms of the agreement(s) governing the transactions.

INFORMATION ON THE PARTIES

The Group is a restaurant chain operator of the TamJai and SamGor branded fast casual restaurant chain in Hong Kong with operations also in Mainland China, Singapore and Japan, specialising in mixian (a type of rice noodle).

Toridoll HK is company incorporated in Hong Kong with limited liability on 21 September 2012, a controlling shareholder of the Company and a wholly-owned subsidiary of Toridoll Japan. It is principally engaged in the business of managing and operating restaurant chains.

Toridoll Japan is 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 a controlling shareholder of the Company. It is a renowned multi-brand restaurants group which also operates the largest global udon chain “Marugame Seimen”.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Toridoll HK is interested in approximately 74.26% of the issued share capital of the Company. As Toridoll HK is a wholly-owned subsidiary of Toridoll Japan, each of Toridoll HK and Toridoll Japan is a controlling shareholder of the Company. Therefore, each of Toridoll HK and Toridoll Japan is a connected person of the Company. Accordingly, the transactions contemplated under the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios as defined under the Listing Rules in respect of the annual caps for each of the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement exceeds 0.1% but is less than 5%, the 2024 Business Consulting Service Agreement, the 2024 Operations Support Service Agreement, and the respective transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

At the Board meeting held to approve the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement, each of Mr. Sugiyama Takashi, Mr. Tomitani Takeshi and Mr. Someya Norifumi is considered as having a material interest in the transactions contemplated under the 2024 Business Consulting Service Agreement and the 2024 Operations Support Service Agreement as each of them is a director of certain subsidiaries of Toridoll Japan. Accordingly, each of Mr. Sugiyama Takashi, Mr. Tomitani Takeshi and Mr. Someya Norifumi has abstained from voting on the Board resolutions for approving the 2024 Business Consulting Service Agreement, the 2024 Operations Support Service Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2021 Business Consulting Service Agreement”	the business consulting service agreement dated 1 April 2021 entered into between the Company and Toridoll HK, pursuant to which Toridoll HK has agreed to provide the Business Consulting Services to the Company from 1 April 2021 to 31 March 2024 (both days inclusive)
“2021 Operations Support Service Agreement”	the operations support service agreement dated 11 June 2021 entered into between the Company and Toridoll Japan, pursuant to which Toridoll Japan has agreed to provide the Operations Support Services to the Company from 11 June 2021 to 31 March 2024 (both days inclusive)
“2024 Business Consulting Service Agreement”	the business consulting service agreement dated 28 March 2024 entered into between the Company and Toridoll HK, pursuant to which Toridoll HK has agreed to provide the Business Consulting Services to the Company from 1 April 2024 to 31 March 2027 (both days inclusive)
“2024 Operations Support Service Agreement”	the operations support service agreement dated 28 March 2024 entered into between the Company and Toridoll Japan, pursuant to which Toridoll Japan has agreed to provide the Operations Support Services to the Company from 1 April 2024 to 31 March 2027 (both days inclusive)
“Board”	the board of Directors
“Business Consulting Services”	has the meaning ascribed to it under the section headed “RENEWAL OF CONTINUING CONNECTED TRANSACTIONS — (I) 2024 Business Consulting Service Agreement — Subject matter” in this announcement

“Company”	Tam Jai International Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2217)
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Operations Support Services”	has the meaning ascribed to it under the section headed “RENEWAL OF CONTINUING CONNECTED TRANSACTIONS — (II) 2024 Operations Support Service Agreement — Subject matter” in this announcement
“Prospectus”	the prospectus of the Company dated 23 September 2021
“SamGor”	TamJai SamGor Mixian (譚仔三哥米線)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TamJai”	TamJai Yunnan Mixian (譚仔雲南米線)
“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, a controlling shareholder of the Company and a wholly-owned subsidiary of Toridoll Japan

“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 a controlling shareholder of the Company

By order of the Board

Tam Jai International Co. Limited

Lau Tat Man

Chairman of the Board and Chief Executive Officer

Hong Kong, 28 March 2024

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