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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)

**CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTEREST
IN THE TARGET COMPANY**

THE ACQUISITION

The Board wishes to announce that on 8 November 2024 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and Toridoll HK (a controlling shareholder of the Company) entered into the SPA, pursuant to which Toridoll HK has agreed to sell, and the Purchaser has agreed to purchase, the Target Equity Interest, representing the entire equity interest in the Target Company, at the Consideration of HK\$4.1 million, subject to and in accordance with terms and conditions of the SPA. The Purchaser has also agreed to repay the Shareholder's Loan in the aggregate amount of approximately HK\$8.4 million (comprising the outstanding principal amount together with accrued and unpaid interest thereon) on behalf of Marugame HK on the Completion Date.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Toridoll HK is a controlling shareholder of the Company, interested in approximately 74.26% of the issued share capital of the Company. Therefore, Toridoll HK is a connected person of the Company. The Acquisition constitutes a connected transaction 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 Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The SPA

A summary of the principal terms of the SPA is set out below:

Date

8 November 2024

Parties

- (i) Toridoll HK (as vendor)
- (ii) the Purchaser (as purchaser)

Subject matter

Toridoll HK has agreed to sell, and the Purchaser has agreed to purchase, the Target Equity Interest, representing the entire equity interest in the Target Company.

Consideration

The Consideration shall be HK\$4,100,000, which shall be paid by the Purchaser to Toridoll HK on the Completion Date.

The Consideration was determined on arm's length basis between the Purchaser and Toridoll HK, and had taken into account (i) the financial performance and future prospects of the Target Group; (ii) an internal analysis by the Company with reference to comparable companies within the food & beverage industry; (iii) the valuation conducted by an independent qualified valuer using the market approach, with reference to which the appraised value of 100% equity interest in the Target Group as at 31 July 2024 was approximately HK\$4.4 million; and (iv) the benefits that would be brought to the Group by the Acquisition as explained in further details in the section headed "Reasons for and benefits of the Acquisition" below.

The Consideration will be funded by the internal resources of the Group.

Repayment of the Shareholder's Loan

The Shareholder's Loan was lent by Toridoll HK to Marugame HK to support the development of the Business. The Shareholder's Loan is unsecured, carries interest at 3.5% per annum, and is repayable by 48 monthly installments in level payments from January 2023 through December 2026. As at the date of this announcement, the total outstanding principal amount of the Shareholder's Loan is HK\$8,384,687. Pursuant to the SPA, the Purchaser has agreed to repay the Shareholder's Loan in the aggregate amount of approximately HK\$8.4 million (comprising the outstanding principal amount together with accrued and unpaid interest thereon) on behalf of Marugame HK on the Completion Date. The repayment of the Shareholder's Loan will be funded by the internal resources of the Group.

Completion

Completion shall take place on the Completion Date. Upon completion, the Target Company and its subsidiary shall become indirect wholly-owned subsidiaries of the Company.

INFORMATION ON THE PARTIES INVOLVED

The Company is principally engaged in investment holding, procurement and trading of food and processed food. 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).

The Purchaser is principally engaged in restaurant operations. As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company.

Toridoll HK is principally engaged in investment holding. As at the date of this announcement, Toridoll HK is a wholly-owned subsidiary of Toridoll Japan, whose shares are listed on the Tokyo Stock Exchange.

INFORMATION ON THE TARGET GROUP

The Target Company is principally engaged in investment holding and is holding 100% equity interest in Marugame HK as at the date of this announcement. The Target Group is principally engaged in the Business specialising in offering Japanese udon noodles.

Set out below is the unaudited consolidated financial information of the Target Group for two financial years ended 31 March 2023 and 2024 respectively:

	Year ended 31 March	
	2023	2024
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before tax	594	1,236
Net loss after tax	712	1,236

As at 31 March 2024, the unaudited consolidated net deficit of the Target Group was approximately HK\$1.0 million. The original investment costs for the Target Equity Interests incurred by Toridoll HK was HK\$10,000,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition will enable the Group to more effectively leverage its existing resources to diversify and expand its revenue streams. Additionally, the Acquisition is expected to enhance the overall operational efficiency of the Target Group, which may, in turn, benefit the Group by providing opportunities to capitalize on the Target Group's advancements in business operations. The Acquisition is also anticipated to create operational synergies through integrating supply chain management, allowing the Group to achieve cost savings via bulk purchasing and streamlined logistics, thereby enhancing overall profitability.

The Board also considers this Acquisition a strategic move to strengthen our market positioning in the competitive Hong Kong restaurant landscape. By expanding our offerings to include Japanese udon noodles, the Group can better respond to evolving consumer preferences and dining trends, thereby enhancing our long-term sustainability and growth potential.

Furthermore, the Board believes that the Business is not, and will not be, in direct or indirect competition with the Group's operations, as there is a clear and adequate delineation between the Group's business and the Business. Hence, it is believed that the Acquisition is beneficial to the growth and development of the Group as a whole.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the SPA and the Acquisition 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Toridoll HK is a controlling shareholder of the Company, interested in approximately 74.26% of the issued share capital of the Company. Therefore, Toridoll HK is a connected person of the Company. The transactions contemplated under the SPA constitute 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 Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Acquisition, Marugame HK will become an indirect wholly-owned subsidiary of the Company, and as such the 2024 Management Services Agreement and the transactions contemplated thereunder will cease to be continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

BOARD APPROVAL

Each of Mr. Sugiyama Takashi, Mr. Tomitani Takeshi and Mr. Someya Norifumi, being a senior management of Toridoll Japan and/or a director of certain subsidiaries of Toridoll Japan, is considered to have a material interest in the Acquisition. Accordingly, each of Mr. Sugiyama Takashi, Mr. Tomitani Takeshi and Mr. Someya Norifumi had abstained from voting on the Board resolution for approving the SPA and the transactions contemplated thereunder. Save as disclosed above, none of the Directors was required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“2024 Management Services Agreement”	the management services agreement dated 31 May 2024 entered into between the Company and Marugame HK, details of which are set out in the Company’s announcement dated 31 May 2024
“Acquisition”	the acquisition of the Target Equity Interest in the Target Company by the Purchaser from Toridoll HK pursuant to the SPA
“Board”	the board of Directors
“Business”	the business of the Target Group, including the operation of a chain of restaurants in Hong Kong under the business name “Marugame Seimen” and/or “丸亀製麵”

“Company”	Tam Jai International Co. Limited (譚仔國際有限公司), 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)
“Completion Date”	the date of signing of the SPA or such other date as agreed by the Purchaser and Toridoll HK in writing
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to Toridoll HK pursuant to the SPA for the Acquisition
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Agreement”	the loan agreement signed in July 2022 between Toridoll HK as lender and Marugame HK as borrower
“Marugame HK”	Marugame (HK) Limited (丸龜製麵(香港)有限公司), a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of the Target Company as at the date of this announcement
“Purchaser”	TJI Japanese Concepts Company Limited (譚仔日式概念有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SamGor”	TamJai SamGor Mixian (譚仔三哥米線)
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder’s Loan”	a loan in the total principal amount of HK\$15 million advanced by Toridoll HK to Marugame HK pursuant to the terms and conditions of the Loan Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SPA”	the sale and purchase agreement dated 8 November 2024 between the Purchaser and Toridoll HK relating to the Acquisition
“TamJai”	TamJai Yunnan Mixian (譚仔雲南米線)
“Target Company”	Toridoll and Heyi Holding Limited (東利多和頤控股有限公司), a company incorporated in Hong Kong with limited liability and a directly wholly-owned subsidiary of Toridoll HK
“Target Equity Interest”	the entire equity interest in the Target Company legally and beneficially owned by Toridoll HK
“Target Group”	the Target Company and Marugame HK
“Toridoll HK”	Toridoll Holding Limited, a company incorporated in Hong Kong with limited liability on 21 September 2012 and a controlling shareholder of the Company
“Tordioll 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, 8 November 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.