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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
CONNECTED TRANSACTION OF
ACQUISITION OF EQUITY INTEREST IN TARGET COMPANY**

Reference is made to the announcement (the “**Announcement**”) of Tam Jai International Co. Limited (the “**Company**”) dated 8 November 2024 in relation to a connected transaction of the Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to supplement the following information in relation to the Acquisition.

INFORMATION ON THE TARGET GROUP

The Target Group is operating nine restaurants in Hong Kong under the brand name “Marugame Seimen” and has its own staff for frontline operations. For the backend support including but not limited to procurement, marketing, finance and information technology, the Target Group relies on the management services provided by the Group pursuant to the 2024 Management Services Agreement, details of which are disclosed in the announcement of the Company dated 31 May 2024.

BASIS OF CONSIDERATION

As disclosed in the Announcement under the section headed “THE ACQUISITION — Consideration”, the Consideration was determined on arm’s length basis between the Purchaser and Toridoll HK, and had taken into account (among others) the valuation (the “**Valuation**”) conducted by an independent qualified valuer in Hong Kong, Avista Valuation Advisory Limited (the “**Valuer**”), using the market approach.

Basis of Using the Market Approach for Valuation

Asset based approach, income approach and market approach have been considered by the Valuer for the Valuation. Market approach has been identified as the most appropriate valuation approach for the Valuation because fair value arrived from the market approach reflects the market expectations over the

corresponding industry as the price multiples of the guideline companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target Group, their market values are good indicators of the industry of the Target Group.

Selection Criteria of Comparables Adopted in the Valuation

There are two methods commonly used in performing the market approach, namely comparable transactions method and guideline public company method. Given the fact that only a limited number of recent comparable transactions with sufficient publicly disclosed information can be identified, the Valuer considers that the multiple derived based on comparable transactions is not representable, and thus, the comparable transactions method is considered not appropriate for the Valuation. Guideline public company method was therefore selected as the primary method for the valuation of the entire equity interest in the Target Group.

During its research process, the Valuer has identified an exhaustive list of eight guideline public companies that engage in operating fast food or casual dining restaurants in Hong Kong. Such guideline public companies were selected with reference to various selection criteria including the primary industry of the companies being in the industry of “Restaurants”; the principal business of the companies being operating fast food or casual dining restaurants; the principal business of the companies being based in Hong Kong; the companies being listed on the Stock Exchange; and the financial information of the companies being available to the public.

Multiples Adopted in the Valuation

After selecting the guideline public companies, the Valuer has considered a variety of valuation multiples, including price-to-book, price-to-sales, enterprise value/sales (“**EV/S**”), price-to-earnings and enterprise value/earnings before interests, taxes, depreciation and amortisation multiples in determining the appropriate valuation multiples for the Valuation.

The EV/S multiple is considered to be the most appropriate indicator for the Valuation because EV/S multiple is based on sales amount of a company, which is always positive, is less subjected to manipulation and is a representative indicator of the business scale. Hence, EV/S multiple as of the date of the Valuation (being 31 July 2024) (the “**Valuation Date**”) was adopted in the Valuation. The adjusted EV/S multiple of the eight guideline public companies (where applicable) ranged from 0.05x to 0.17x. For the purpose of the Valuation, outliers were excluded and the adjusted median EV/S multiple of 0.10x was adopted.

The appraised value of the entire equity interest in the Target Group as at the Valuation Date of approximately HK\$4.4 million was arrived at after considering: (i) the consolidated sales of the Target Group for the period from 1 July 2023 up to 30 June 2024 of approximately HK\$91.2 million; (ii) the adjusted median EV/S multiple of 0.10x; (iii) the cash and cash equivalent of the Target Group as at 30 June 2024 of approximately HK\$5.0 million; and (iv) the debts of the Target Group as at 30 June 2024 of approximately HK\$9.6 million.

Based on the information available to the Company, on the Completion Date, the debts of the Target Group primarily comprised of the Shareholder's Loan. Following repayment of the Shareholder's Loan by the Purchaser on behalf of Marugame HK, the amount so repaid by the Purchaser on behalf of Marugame HK would be regarded as an intra-group debt due by the Target Group (having become wholly-owned subsidiaries of the Purchaser) to the Purchaser, while the cash and cash equivalents of the Target Group would be consolidated in the consolidated balance sheet of the Company. Therefore, the repayment of the Shareholder's Loan would not affect the estimated enterprise value of the Target Group.

As the Consideration of HK\$4.1 million is only slightly below the appraised value of the Target Equity Interest as at the Valuation Date of approximately HK\$4.4 million, and the Shareholder's Loan was repaid on a dollar-for-dollar basis, the Company takes the view that the total consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Subsequent to the Valuation Date and up to the date of this announcement, the Target Group has continued to carry on its business in the ordinary and usual course. Barring unforeseen circumstances and based on then available information, the Company is not aware of any material adverse change in the valuation of the Target Group between the Valuation Date and the date of the Announcement.

By order of the Board
Tam Jai International Co. Limited
Lau Tat Man

Chairman of the Board and Chief Executive Officer

Hong Kong, 4 December 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.