

6 June 2025

*To the Independent Board Committee, the Independent Shareholders and the Option Holders*

Dear Sirs or Madams,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
TAM JAI INTERNATIONAL CO. LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
TAM JAI INTERNATIONAL CO. LIMITED**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee, the Option Holders and the Independent Shareholders in respect of the Proposal, the Option Offer and the Scheme, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) and the explanatory statement (the “**Explanatory Statement**”) contained in the scheme document jointly issued by the Offeror and the Company dated 6 June 2025 (the “**Scheme Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context otherwise requires.

Reference is made to the Announcement. On 3 February 2025 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under section 673 of the Companies Ordinance. If the Proposal is approved and implemented, the listing of the Shares on the Stock Exchange will be withdrawn, involving the cancellation and extinguishment of 351,176,300 Scheme Shares, to the extent that all the outstanding Share Options are exercised and the relevant Option Holders have become Scheme Shareholders before the Scheme Record Date, and assuming that there is no other change in the shareholding of the Company before the Scheme Record Date. In this regard, and on the basis of the Cancellation Price of HK\$1.58 per Scheme Share, the total amount of cash required for the cancellation and extinguishment of the Scheme Shares would be approximately HK\$554.9 million.

The Independent Board Committee, which comprises Mr. Loo Kwok Wing, Mr. Lee Kwok Ming and Mr. Yeung Yiu Keung, all being independent non-executive Directors, has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders and the Option Holders as to whether the terms of the Proposal, the Option Offer and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM and its view on the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer. Mr. Yamaguchi Satoshi, Mr. Someya Norifumi and Mr. Hatamoto Toru, all being non-executive Directors, are senior executives of Toridoll Japan, of which the Offeror is a wholly-owned subsidiary, therefore they have not been included as members of the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee, the Option Holders and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company and the Offeror that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. We are not associated or connected with the Company, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. In the last two years, we have not acted as an independent financial adviser or a financial adviser to the Company or the Offeror. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, which is not conditional upon passing of the resolutions to be proposed at the Court Meeting and the EGM or our view on the Option Offer, no arrangement exists whereby we have received or will receive any fees or benefits from the Company, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in respect of the Proposal, the Option Offer and the Scheme.

## **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have reviewed, among other things, (i) the Announcement; (ii) the annual report of the Company for the year ended 31 March 2024 (the “**2023/24 Annual Report**”); (iii) the Company’s annual results announcement for the year ended 31 March 2025 (the “**2024/25 Annual Results Announcement**”); and (iv) other information contained in the Scheme Document.

We have relied on (i) the information and facts contained or referred to in the Scheme Document; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management, for which they are solely and wholly responsible for, or contained or referred to

in the Scheme Document were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Scheme Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Scheme Document were reasonably made after due and careful enquiry.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management and/or the advisers of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Scheme Document and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. Shareholders will be informed of any material changes to such representations and/or our opinion as soon as possible until the Scheme becomes effective or the Proposal lapses in compliance with Rule 9.1 of the Takeovers Code.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Offeror or any of their respective subsidiaries or associates or any party acting, or presumed to be acting, in concert with any of them.

We have not considered the tax and regulatory implications on the Scheme Shareholders or the Option Holders as a result of the Proposal, if implemented, since these are particular to their individual circumstances. In particular, the Scheme Shareholders or the Option Holders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

## **PRINCIPAL TERMS OF THE PROPOSAL AND THE SCHEME**

Set out below are the terms of the Proposal and the Scheme, details of which are set out in the Letter from the Board and the Explanatory Statement. The Independent Shareholders are encouraged to read the Scheme Document and its appendices in full.

## 1. Terms of the Proposal

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price of HK\$1.58 in cash, less the Dividend Adjustment (if any), for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued, credited as fully paid, to the Offeror. The Offeror will directly hold 100% of the issued share capital of the Company; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

## 2. Cancellation Price

Under the Scheme, the Cancellation Price will be in the amount of HK\$1.58 per Scheme Share, which amount (less the Dividend Adjustment (if any)) will be payable by the Offeror to the Scheme Shareholders in the form of cash.

As at the Latest Practicable Date, (i) the Company had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) the Company does not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses or withdrawn (as the case may be).

However, if, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror expressly reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend and/or distribution and/or return of capital, as the case may be, per Share after consultation with the Executive ("**Dividend Adjustment**"), in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

### **3. Conditions of the Proposal and the Scheme**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
  - (i) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the TC Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the TC Disinterested Shares held by the Independent Shareholders;
- (b) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished;
- (c) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) all necessary Authorisations which are material in the context of the Group taken as a whole and other registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;

- (f) no government, court, or governmental, quasi-governmental, statutory or regulatory body or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms); and
- (g) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms.

None of Conditions (a) to (d) above may be waived. The Offeror reserves the right to waive any of the Conditions (e) to (g), either in whole or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

The Conditions under paragraphs (h)(i) and (ii) in the section headed “5. *Conditions of the Proposal and the Scheme*” of the Announcement have been removed and no longer form part of the Conditions following a hearing at the High Court on 22 May 2025 for the purpose of giving direction as to the holding of the Court Meeting.

All of the Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop Date, failing which the Proposal will lapse.

With reference to the Condition in paragraph (e), as at the Latest Practicable Date, neither the Offeror nor the Company was aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (a) to (d). With reference to the Condition in paragraph (f), as at the Latest Practicable Date, neither the Offeror nor the Company is aware of any such action, proceeding, suit, investigation, statute, regulation, demand or order. With reference to the Condition in paragraph (g), as at the Latest Practicable Date, neither the Offeror nor the Company was aware of any such non-compliance or legal or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (d).

The Scheme is subject to the requirement under section 674(2) of the Companies Ordinance that members representing at least 75% of the voting rights of the members present and voting (in person or by proxy) at the Court Meeting agree to the Scheme, and the requirement under Rule 2.10 of the Takeovers Code that the Scheme must be approved by at least 75% of the votes attaching to the TC Disinterested Shares that are cast (in person or by proxy) at the meeting of the holders of the disinterested Shares. Accordingly:

- (a) for the purpose of the Companies Ordinance, the 75% approval threshold will be determined by reference to the voting rights of the Scheme Shareholders, who attend and vote (in person or by proxy) at the Court Meeting; and
- (b) for the purpose of the Takeovers Code, the 75% approval threshold will be determined by reference to the votes attaching to all the TC Disinterested Shares held by the Independent Shareholders which are cast (in person or by proxy) at the Court Meeting.

Therefore, in order to satisfy the requirements under both the Companies Ordinance and the Takeovers Code, the 75% approval threshold will be determined by reference to the Shares held by the Scheme Shareholders (all of which are also Independent Shareholders as at the Latest Practicable Date) who attend and vote at the Court Meeting.

The Scheme is also subject to the requirement under section 674(2) of the Companies Ordinance that the votes cast against the Scheme at the Court Meeting shall not exceed 10% of the voting rights attached to all CO Disinterested Shares (as defined in section 674(3) of the Companies Ordinance), and the requirement under Rule 2.10 of the Takeovers Code that the number of votes cast against the resolution to approve the Scheme at the meeting of the holders of the TC Disinterested Shares shall not be more than 10% of the votes attaching to all TC Disinterested Shares. Accordingly, all Scheme Shares (i.e. all the Shares in issue as at the Meeting Record Date, other than any Shares directly or indirectly held or beneficially owned by the Offeror and the Offeror Concert Parties) will be regarded as disinterested Shares for the purpose of both the Companies Ordinance (i.e. the CO Disinterested Shares) and the Takeovers Code (i.e. the TC Disinterested Shares).

As at the Latest Practicable Date, none of the Conditions had been satisfied or waived (where applicable).

**If approved, the Scheme will be binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and/or the EGM.**

Shareholders, Option Holders, Share Award Grantees and potential investors should be aware that the implementation of the Proposal, the Option Offer and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal or the Option Offer may or may not be implemented, and the Scheme may or may not become effective. Shareholders, Option Holders, Share Award Grantees and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation in respect of the Proposal, the Option Offer and the Scheme, we have taken into account the following principal factors and reasons:

### **1. Background information of the Group**

#### ***1.1 Principal businesses and information of the Group***

The Company is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange. 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 Group also operates restaurants under other licensed brands including Marugame Seimen and Yakiniku Yamagyu.



## 1.2 Historical financial information

The following is a summary of certain financial information of the Group for the years ended 31 March 2023, 2024 and 2025 as extracted from the 2023/24 Annual Report and the 2024/25 Annual Results Announcement, respectively.

	Year ended 31 March		
	2023	2024	2025
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Revenue	2,594,613	2,748,406	2,842,681
Cost of food and beverages consumed	(620,318)	(648,136)	(672,909)
Staff costs	(828,579)	(889,506)	(921,907)
Depreciation of property, plant and equipment	(122,985)	(115,415)	(96,844)
Depreciation of right-of-use assets, rental and related expenses	(499,301)	(532,117)	(558,578)
Profit for the year	140,953	118,649	79,843
— Profit attributable to equity holders of the Company	140,953	118,649	79,843
— Profit attributable to non-controlling interests	—	—	—
	As at 31 March		
	2023	2024	2025
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Non-current assets	1,161,080	1,116,291	1,115,958
— Property, plant and equipment	243,665	188,167	174,912
— Right-of-use assets	768,627	778,855	786,274
— Deposits and prepayments	123,648	114,823	104,983
Current assets	1,513,927	1,506,633	1,511,453
— Trade and other receivables	27,880	46,341	49,865
— Deposits and prepayments	63,532	78,399	102,385
— Cash and bank balances	1,375,650	1,351,523	1,327,711
<b>Total assets</b>	<b>2,675,007</b>	<b>2,622,924</b>	<b>2,627,411</b>
Current liabilities	630,534	646,278	653,828
— Trade and other payables and accruals	238,238	231,644	249,052
— Lease liabilities	351,590	377,829	374,753
Non-current liabilities	502,625	491,145	503,448
— Lease liabilities	436,212	425,622	429,805
<b>Total liabilities</b>	<b>1,133,159</b>	<b>1,137,423</b>	<b>1,157,276</b>
<b>Net assets</b>	<b>1,541,848</b>	<b>1,485,501</b>	<b>1,470,135</b>

*For the years ended/As at 31 March 2023 and 2024*

Total revenue of the Group increased from approximately HK\$2,594.6 million for the year ended 31 March 2023 to approximately HK\$2,748.4 million for the year ended 31 March 2024, representing an increase of approximately 5.9%, primarily due to the increase in the number of restaurants in operation during the year. As disclosed in the 2023/24 Annual Report, contributing to 93.5% of the Group's total revenue for the year ended 31 March 2024, Hong Kong remained as the key revenue driver of the Group, supporting the Group's ventures into other markets.

The Group's profit decreased from approximately HK\$141.0 million for the year ended 31 March 2023 to approximately HK\$118.6 million for the year ended 31 March 2024, representing a decrease of approximately 15.9%. For illustrative purpose, as disclosed in the 2023/24 Annual Report, with the exclusion of government subsidies from the Group's profit, which were considered to be non-recurring in nature and were not derived from the ordinary and usual course of business of the Group, the Group's adjusted profit increased from approximately HK\$87.2 million for the year ended 31 March 2023 to approximately HK\$117.0 million for the year ended 31 March 2024, representing an increase of approximately 34.2%.

As at 31 March 2024, the Group recorded net assets of approximately HK\$1,485.5 million, representing a decrease of approximately 3.7% from approximately HK\$1,541.8 million as at 31 March 2023. As at 31 March 2024, the Group's total assets amounted to approximately HK\$2,622.9 million, representing a decrease of approximately 1.9% from approximately HK\$2,675.0 million as at 31 March 2023. Such decreases were mainly attributable to the combined effects of (i) the decrease in cash and bank balances of approximately 1.8% from approximately HK\$1,375.7 million as at 31 March 2023 to approximately HK\$1,351.5 million as at 31 March 2024; (ii) the increase in right-of-use assets of approximately 1.3% from approximately HK\$768.6 million as at 31 March 2023 to approximately HK\$778.9 million as at 31 March 2024, primarily attributable to the Group entered into more tenancy agreements for the restaurant network expansion; and (iii) the decrease in property, plant and equipment of approximately 22.8% from approximately HK\$243.7 million as at 31 March 2023 to approximately HK\$188.2 million as at 31 March 2024, mainly attributable to the decrease in leasehold improvements as at 31 March 2024. The Group's total liabilities amounted to approximately HK\$1,137.4 million as at 31 March 2024, which remained relatively stable as compared to that of approximately HK\$1,133.2 million as at 31 March 2023. The Group's total liabilities as at 31 March 2024 mainly include, among others, (i) the current and non-current portion of lease liabilities of approximately HK\$803.5 million, representing an increase of approximately 2.0% from approximately HK\$787.8 million as at 31 March 2023; and (ii) trade and other payables and accruals of approximately HK\$231.6 million, representing a decrease of approximately 2.8% from approximately HK\$238.2 million as at 31 March 2023.

*For the years ended/As at 31 March 2024 and 2025*

Total revenue of the Group increased from approximately HK\$2,748.4 million for the year ended 31 March 2024 to approximately HK\$2,842.7 million for the year ended 31 March 2025, representing an increase of approximately 3.4%, primarily due to the increase in the number of restaurants in operation during the year. As disclosed in the 2024/25 Annual Results Announcement, contributing to 94.3% of the Group's total revenue for the year ended 31 March 2025, Hong Kong remained as the key revenue driver of the Group, supporting the Group's ventures into other markets.

The Group's profit decreased from approximately HK\$118.6 million for the year ended 31 March 2024 to approximately HK\$79.8 million for the year ended 31 March 2025, representing a decrease of approximately 32.7%. As disclosed in the 2024/25 Annual Results Announcement and the profit warning announcement of the Company dated 25 April 2025, the decrease in profit was mainly attributable to (i) the increased discount offerings introduced by the Group in response to the competitive landscape in Hong Kong and to sustain revenue performance; and (ii) the higher commissions and handling fees incurred from third-party delivery services during the year.

As at 31 March 2025, the Group recorded net assets of approximately HK\$1,470.1 million, representing a decrease of approximately 1.0% from approximately HK\$1,485.5 million as at 31 March 2024. As at 31 March 2025, the Group's total assets amounted to approximately HK\$2,627.4 million, which remained relatively stable as compared to that of approximately HK\$2,622.9 million as at 31 March 2024. The Group's total liabilities amounted to approximately HK\$1,157.3 million as at 31 March 2025, representing an increase of approximately 1.7% from approximately HK\$1,137.4 million as at 31 March 2024. The Group's total liabilities as at 31 March 2025 mainly include, among others, (i) the current and non-current portion of lease liabilities of approximately HK\$804.6 million, which remained relatively stable as compared to that of approximately HK\$803.5 million as at 31 March 2024; and (ii) trade and other payables and accruals of approximately HK\$249.1 million, representing an increase of approximately 7.6% from approximately HK\$231.6 million as at 31 March 2024.

### **1.3 Prospect of the Group**

The Group is principally engaged in the operation of restaurants business, mainly under the brands of Tamjai and SamGor, with more than 90% of its revenue are derived from the Hong Kong segment. Based on our discussion with the Management, we were given to understand that the business performance of the Group has been affected by the economic slowdown, along with weak consumer sentiment and a swift change in consumer habits and consumption patterns. The economic instability affected the market sentiment which led to the consumers acting more prudently on their daily spending and looking for value-for-money dining options.

The difficult operating environment was exacerbated by the ongoing trend of Hong Kong residents opting to spend their leisure time and disposable income outside Hong Kong. With the reopening of the borders, there was an increase in outbound travel to, among others, (a) the Mainland China, which offers budget conscious choices of restaurants; and (b) Japan, which has been one of the favorite vacation destinations of Hong Kong citizens, with the depreciation of Japanese yen against HK\$ during the period, providing further incentives to Hong Kong citizens to travel to Japan. This also led to heightened competition in the local consumer market as industry players introduced greater discounts to attract customers.

In view of the change in consumer habits and growing demand for value-for-money dining options, the Group has launched various value offerings and promotions through cooperation with delivery platforms, and these platforms have aggressively competed for market share through joint promotional offers. Notwithstanding the increase in the Group's revenue from the delivery platforms, the Group's profitability would be squeezed due to expenses incurred for cooperating with such delivery platforms. We noted from the 2023/24 Annual Report and the 2024/25 Annual Results Announcement that the Group will expedite its digitalisation effort to upgrade their systems to increase the stickiness of customers and reduce handling charges incurred by third-party delivery platforms, while implementing rigorous cost control measures to enhance efficiency and optimise costs.

For the Group's business outside Hong Kong, the Group remains committed to nurturing brand awareness and improving operational efficiency in overseas markets. As disclosed in the 2023/24 Annual Report and the 2024/25 Annual Results Announcement, the Group will continue to take a prudent approach towards overseas markets development, and strive to consolidate the two businesses in Mainland China and Singapore, with the main objectives of improving operational performance and accelerating their paths towards breakeven. Based on our discussion with the Management, we were given to understand that the Group acknowledges the need for further improvements in its brand building, marketing and communications, menu localisation and shop enhancement strategies across the overseas markets to optimise profitability, thereby achieving a self-sustaining financial model for its overseas operations in the future.

Based on the above, albeit the Group is still profitable, we are of the view that the future prospect of the Group is mixed after taking into consideration of (i) the weak market sentiment featured with the change in consumer habits in Hong Kong; and (ii) the intense market competition in the local market, coupled with uncertainties in the Group's investment in digitalisation and the implementation of the cost controls and the fact that the Group would also face new challenges in overseas markets.

**2. Information on the Offeror and Offeror Concert Parties, and the Offeror's intention with regard to the Group**

***Information on the Offeror***

The Offeror is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of managing and operating restaurant chains. As at the Latest Practicable Date, the Offeror is a direct wholly-owned subsidiary of Toridoll Japan, and is directly interested in 1,000,000,000 Shares, representing approximately 74.25% of the issued Shares.

Toridoll Japan is a company incorporated in Japan with limited liability, whose shares are listed on Tokyo Stock Exchange, Inc. in Japan (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".

As at the Latest Practicable Date, Mr. Awata, together with his spouse, Mrs. Awata, controlled approximately 48% of the issued share capital of Toridoll Japan.

***Intention of the Offeror in relation to the Group***

As at the Latest Practicable Date, it is the intention of the Offeror for the Group to continue to carry on its existing business and the Offeror does not have any plan to make any material changes to (a) the business of the Group; or (b) the continued employment of the employees of the Group (other than changes made in the ordinary course of business). The Offeror plans to continuously support the Group's business in Hong Kong, Mainland China, and overseas markets, and intends to retain sufficient necessary capital for supporting the Group's business plans in these markets.

**3. Reasons for and benefits of the Proposal and the Scheme**

***From the perspective of the Scheme Shareholders***

As disclosed in the Explanatory Statement, the low trading liquidity of the Shares for a sustained period would impose challenges for the Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. As presented in the section headed "4. Analysis of price performance of the Shares" below, given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price.

As disclosed in the section headed “4.3 Cancellation Price comparisons”, the Cancellation Price of HK\$1.58 per Scheme Share represented a premium from approximately 75.56% to 98.24% over the average closing prices per Share for the reference periods up to and including the Last Trading Day. Taking into account the analysis as set out in the sections headed “5. Comparable companies” below, we consider and concur with the Management’s view that the Proposal provides an immediate opportunity for the Scheme Shareholders to exit without exerting downward pressure on the trading price of the Shares for cash at a reasonably attractive premium, and to reallocate the proceeds from the disposal of the Shares to alternative investment opportunities with more liquidity.

Taken into consideration our analysis on trading volume and liquidity of the Shares, and the comparable analysis of the Cancellation Price with comparable companies performed in the sections headed “4. Analysis of price performance of the Shares” and “5. Comparable companies”, we are of the opinion that the terms of the Scheme are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and Shareholders as a whole.

***From the perspective of the Company***

As to the Company, as disclosed in the Explanatory Statement, the Proposal would reduce costs of maintaining the Company’s listing status. Based on our analysis as set out in the section headed “4. Analysis of price performance of the Shares” below, the thin historical average daily trading volume of the Shares together with the downward trend of the trading price of the Shares in the previous periods. As such, we consider that the Company is not able to fully utilise the listing platform as a source of funding for its future growth and business development. Thus, the continued listing of the Shares may not be beneficial or meaningful to the Company’s development in the near future. The delisting would streamline the Company’s governance and reduce compliance costs of maintaining its listing status, including regulatory requirements, disclosures and financial statement publications. It would also provide better flexibility to the Company to achieve long-term business development free from the influence of share price fluctuations and additional costs and expenses that may arise from the Company being a publicly listed company.

#### 4. Analysis of price performance of the Shares

##### 4.1 Historical price performance of the Shares

The chart below illustrates the daily closing price per Share as quoted on the Stock Exchange during the period from 19 February 2024 (being approximately one year prior to the Announcement Date) up to and including the Latest Practicable Date (the “**Review Period**”), against the Cancellation Price of HK\$1.58 per Scheme Share. We consider that the Review Period of approximately one year prior to the date of the Announcement up to and including the Latest Practicable Date to be reasonable, sufficient and representative to illustrate a holistic view of the general performance of the recent Share prices, where the prevailing market sentiment can be reflected by such Share price movements and provide a meaningful comparison with the Cancellation Price.



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Since the beginning of the Review Period up to the Last Trading Day (the “**Pre-Announcement Period**”), the daily closing price per Share ranged from HK\$0.74 to HK\$1.22, with an average closing price of approximately HK\$0.93. Specifically, the highest closing price of HK\$1.22 was observed on 27 May 2024, while the lowest closing price of HK\$0.74 occurred on 14 November 2024 and 15 November 2024, respectively.

The Cancellation Price represents a premium over the closing price of the Shares throughout the Pre-Announcement Period, whereby it represents (i) a premium of approximately 69.9% over the average closing price; (ii) a premium of approximately 29.5% over the highest closing price; and (iii) a premium of approximately 113.5% over the lowest closing price, during the Pre-Announcement Period.

As illustrated in the chart above, the closing price per Share generally fluctuated within a relatively narrow range between HK\$0.90 and HK\$1.15 during the period from 19 February 2024 to 14 May 2024, being the date of the Company's announcement in relation to the annual results for the year ended 31 March 2024. The closing price of the Shares then rebounded gradually and reached the highest closing price of HK\$1.22 per Share on 27 May 2024. Subsequently, the closing price of the Shares demonstrated a generally downward trend and reached HK\$0.75 on 25 September 2024. Thereafter, the closing price of the Shares hovered between HK\$0.74 and HK\$0.91 during the period from 26 September 2024 to 3 February 2025, being the Last Trading Day. Immediately following the resumption of trading in the Shares on 18 February 2025 after the publication of the Announcement, closing price of the Shares surged to HK\$1.47 per Share, representing an increase of approximately 63.3% as compared to the closing price of Shares of HK\$0.90 on the Last Trading Day.

Since the trading day immediately following the resumption of trading in the Shares after the publication of the Announcement (i.e. 18 February 2025) and up to the Latest Practicable Date (the "**Post-Announcement Period**"), the Shares closed between HK\$1.43 and HK\$1.52 per Share, with an average closing price of approximately HK\$1.48, the highest closing price of HK\$1.52 observed on 9 May 2025 and the lowest closing price of HK\$1.43 observed on 7 April 2025, whereby the Cancellation Price represents (i) a premium of approximately 6.76% over the average closing price; (ii) a premium of approximately 3.95% over the highest closing price; and (iii) a premium of approximately 10.49% over the lowest closing price, during the Post-Announcement Period, suggesting that the closing price of Shares is being principally determined by the Cancellation Price. The closing price of the Shares was HK\$1.45 as at the Latest Practicable Date. The Cancellation Price of HK\$1.58 per Scheme Share represents a premium of approximately 8.97% over the closing price of Shares on the Latest Practicable Date. However, the Shareholders should be aware that the Share price may not be maintained at the current level if the Proposal is not approved or otherwise lapses.

We did not notice any notable event which might have caused the fluctuations in the closing price of the Shares. We have discussed with the Management and were given to understand that they are not aware of any specific reasons or events which have led to the aforementioned movements of the closing price of the Shares.



## 4.2 Trading liquidity

The table below sets out (i) the average daily trading volume of the Shares; (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares; and (iii) the percentage of the average daily trading volume of the Shares to the public float of the Company at the end of the month/period during the Review Period:

Month/Period	Total trading volume of the Shares	Total number of trading days	Average daily trading volume of the Shares <i>Approx.</i> <i>(Note 1)</i>	Percentage of the average daily trading volume of the Shares to the total number of issued Shares <i>Approx.</i> <i>(Note 2)</i>	Percentage of the average daily trading volume of the Shares to the total number of issued Shares held by the public <i>Approx.</i> <i>(Note 3)</i>
<b>Pre-Announcement Period</b>					
<b>2024</b>					
February (since 18 February)	11,062,437	9	1,229,160	0.091%	0.354%
March	16,857,793	20	842,890	0.063%	0.243%
April	18,073,104	20	903,655	0.067%	0.261%
May	69,266,934	21	3,298,425	0.245%	0.951%
June	15,512,174	19	816,430	0.061%	0.235%
July	19,802,768	22	900,126	0.067%	0.260%
August	41,976,550	22	1,908,025	0.142%	0.550%
September	56,017,749	19	2,948,303	0.219%	0.850%
October	71,764,737	21	3,417,368	0.254%	0.985%
November	27,959,218	21	1,331,391	0.099%	0.384%
December	13,541,118	20	677,056	0.050%	0.195%
<b>2025</b>					
January	23,219,436	19	1,222,076	0.091%	0.352%
1 February – 3 February (i.e. the Last Trading Day)	2,927,000	1	2,927,000	0.217%	0.844%
<b>Maximum</b>			3,417,368	0.254%	0.985%
<b>Minimum</b>			677,056	0.050%	0.195%
<b>Average</b>			1,724,762	0.128%	0.497%
<b>Post-Announcement Period</b>					
<b>2025</b>					
18 February (i.e. the first trading day following the publication of the Announcement) – 28 February	115,463,090	9	12,829,232	0.953%	3.700%
March	32,207,464	21	1,533,689	0.114%	0.442%
April	45,660,000	19	2,403,158	0.178%	0.693%
May	47,120,000	20	2,356,000	0.175%	0.679%
June (up to and including the Latest Practicable Date)	3,334,000	2	1,667,000	0.124%	0.481%

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. Calculated by dividing the total trading volume of the Shares for the respective corresponding months/periods by the total number of trading days of the Shares in the respective corresponding months/periods.
2. Based on total number of Shares in issue at the end of each of the respective corresponding months/periods.
3. Based on the total number of Shares in issue of 346,779,890 Shares held by the Scheme Shareholders as at the Latest Practicable Date.

As illustrated in the above table, the trading liquidity of the Shares was generally thin during the Pre-Announcement Period, with the average daily trading volumes of the Shares having accounted for a range from approximately 0.050% to approximately 0.254% over the total number of Shares in issue as at the end of the relevant month/period and a range from approximately 0.195% to approximately 0.985% of the total number of the issued Shares held by the public.

Given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. Accordingly, we are of the view that the Proposal provides the Scheme Shareholders with an assured exit if they wish to realise their investments in the Shares without exerting downward pressure on the trading price of the Shares.

#### **4.3 Cancellation Price comparisons**

As disclosed in the Letter from the Board and the Explanatory Statement, the Cancellation Price of HK\$1.58 in cash for every Scheme Share cancelled and extinguished under the Scheme represents:

- (i) a premium of approximately 8.97% over the closing price of HK\$1.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 75.56% over the closing price of HK\$0.900 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 80.37% over the average closing price of approximately HK\$0.876 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;

- (iv) a premium of approximately 88.32% over the average closing price of approximately HK\$0.839 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 96.27% over the average closing price of approximately HK\$0.805 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 98.24% over the average closing price of approximately HK\$0.797 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 75.75% over the average closing price of approximately HK\$0.899 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 7.48% over the closing price of HK\$1.470 per Share as quoted on the Stock Exchange on the Resumption Day;
- (ix) a premium of approximately 7.48% over the average closing price of approximately HK\$1.470 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days from and including the Resumption Day;
- (x) premium of approximately 7.56% over the average closing price of approximately HK\$1.469 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days from and including the Resumption Day;
- (xi) a premium of approximately 7.05% over the average closing price of approximately HK\$1.476 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days from and including the Resumption Day;
- (xii) a premium of approximately 6.97% over the average closing price of approximately HK\$1.477 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days from and including the Resumption Day;

(xiii) a premium of approximately 47.25% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$1.073 as at 30 September 2024 (calculated based on the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$1,445.24 million as at 30 September 2024 as extracted from the Company's interim report for the six months ended 30 September 2024 and 1,346,698,490 Shares (being the number of Shares in issue as at 30 September 2024)); and

(xiv) a premium of approximately 44.69% over the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$1.092 as at 31 March 2025 (calculated based on the audited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$1,470.14 million as at 31 March 2025 as extracted from the Company's annual results announcement for the year ended 31 March 2025 and 1,346,779,890 Shares (being the number of Shares in issue as at 31 March 2025)).

## 5. Comparable companies

In assessing the fairness and reasonableness of the Cancellation Price, we have primarily adopted the price-to-earnings ratio (“**P/E Ratio**”) approach and price-to-book ratio (“**P/B Ratio**”) approach, which are the most commonly used and widely accepted benchmarks in analysing companies with a track record of generating profits and valuing a company or business.

For the purpose of our analysis, we have, on a best effort basis, identified from the website of the Stock Exchange an exhaustive list of seven companies which are (i) companies listed on the Main Board of the Stock Exchange; (ii) with market capitalisation below HK\$4,500 million (the “**Market Capitalisation Parameter**”), which the implied market capitalisation of the Company as at the Latest Practicable Date of approximately HK\$2,127.9 million approximates to the median of the Market Capitalisation Parameter. Such criteria is considered to be a commonly adopted basis of comparison to identify reasonable and appropriate sample size of comparable companies, without including listed companies with market capitalisation far different from the Company, which may affect comparability and distort the results of analysis; and (iii) with over 80% of revenue principally derived from the operation of restaurants business in Hong Kong for their latest audited financial year, as comparable to the Group's revenue contribution, of which 94.3% was derived from Hong Kong segment (the “**Comparable Companies**”).

Taking into consideration that (i) the Comparable Companies are listed on the Main Board of the Stock Exchange, which share similar market sentiment; (ii) the business nature of the Comparable Companies are similar to the Group, which the majority of revenue of the Comparable Companies are derived from the operation of restaurants business in Hong Kong for their latest audited financial year; and (iii) the Market Capitalisation Parameter is reasonable as discussed above, we consider the Comparable Companies are the only

companies that could fulfill all the criteria and thus are appropriate to form a sufficient and representative sample size of comparable companies and benchmark reference for the Independent Shareholders to assess the fairness and reasonableness of the Cancellation Price. The Comparable Companies set out in the table below represented an exhaustive list of comparable companies to the Company based on the abovementioned selection criteria and would serve as a fair and representative sample for drawing a meaningful comparison to the Cancellation Price.

Comparable Companies	Stock code	Principal business	Percentage of revenue generated from the operation of restaurants business in Hong Kong <i>Approximate</i>	Market capitalisation <sup>(1)</sup> <i>HK\$' million</i>	P/E Ratio <sup>(2)</sup> <i>times</i>	P/B Ratio <sup>(3)</sup> <i>times</i>
Café de Coral Holdings Limited	341	Principally engaged in operation of quick service restaurants, casual dining chains, institutional catering, as well as food processing and distribution in Hong Kong and Mainland China	82.6%	4,031.0	12.20	1.48
Tai Hing Group Holdings Limited	6811	Principally engaged in the operation of restaurants, and the sale of food products in Hong Kong, Macau and the PRC.	89.8%	903.4	14.40	0.97
Fairwood Holdings Limited	52	Principally engaged in the operation of fast food restaurants and property investments.	94.1%	654.2	12.92	1.03
LH Group Limited	1978	Principally engaged as full-service restaurants operator serving Asian (in particular Japanese) and Cantonese cuisine in Hong Kong.	100.0%	292.0	NA <sup>(4)</sup>	1.25
Fulum Group Holdings Limited	1443	Principally engaged in restaurant operations in Hong Kong and the PRC.	95.2%	89.7	1.77	0.58
Welife Technology Limited	1703	Principally engaged in Chinese restaurant operation in Hong Kong and the PRC.	100.0%	55.2	NA <sup>(4)</sup>	6.34 <sup>(8)</sup>
G-Vision International (Holdings) Limited	657	Mainly engaged in the operation of Chinese restaurants in Hong Kong which specialises in Chiu Chow cuisine.	100.0%	33.1	NA <sup>(4)</sup>	10.74 <sup>(8)</sup>
				<b>Maximum</b>	14.40	1.48
				<b>Minimum</b>	1.77	0.58
				<b>Average</b>	10.32	1.06
				<b>Median</b>	12.56	1.03
The Company	2217			2,127.9 <sup>(5)</sup>	26.65 <sup>(6)</sup>	1.45 <sup>(7)</sup>

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. The market capitalisation was based on the closing price and the total shares in issue as at the Latest Practicable Date.
2. The P/E Ratio was based on the then market capitalisation of the respective companies as at the Latest Practicable Date, divided by the net profit attributable to owners of the respective companies as stated in their respective then latest published annual report.
3. The P/B Ratio was based on the then market capitalisation of the respective companies as at the Latest Practicable Date, divided by the net asset value attributable to owners of the respective companies as stated in their respective then latest published annual report/interim report.
4. The respective company recorded a net loss for the latest audited financial year. Thus, P/E Ratio is not applicable.
5. It is calculated based on the Cancellation Price multiplied by the total number of issued Shares as at the Latest Practicable Date.
6. It is calculated based on the implied market capitalisation of the Company as at the Latest Practicable Date divided by the net profit attributable to the Shareholders for the year ended 31 March 2025 as extracted from the 2024/25 Annual Results Announcement.
7. It is calculated based on the implied market capitalisation of the Company as at the Latest Practicable Date divided by the net asset value attributable to the Shareholders as at 31 March 2025 as extracted from the 2024/25 Annual Results Announcement.
8. These figures have been excluded from the computations as they appear to be abnormally high as compared to the rest of the Comparable Companies and are considered as outliers which may skew the overall results.

As shown in the table above, the P/E Ratios of the Comparable Companies ranged from approximately 1.77 times to 14.40 times, with an average of approximately 10.32 times and a median of approximately 12.56 times. We noted that the implied P/E Ratio of the Cancellation Price of approximately 26.65 times is (i) higher than the range of the P/E Ratios of the Comparable Companies; (ii) higher than the average of the P/E Ratios of the Comparable Companies; and (iii) higher than the median of the P/E Ratios of the Comparable Companies.

Excluding the outliers, the P/B Ratios of the Comparable Companies ranged from approximately 0.58 times to 1.48 times, with an average of approximately 1.06 times and a median of approximately 1.03 times. We noted that the implied P/B Ratio of the Cancellation Price of approximately 1.45 times (i) falls within the range of the P/B Ratios of the Comparable Companies; (ii) is higher than the average of the P/B Ratios of the Comparable Companies; and (iii) is higher than the median of the P/B Ratios of the Comparable Companies.

In light of the above, we consider that the analysis provides an additional indicator to demonstrate that the Cancellation Price is fair and reasonable so far as the Independent Shareholders are concerned from a market valuation perspective.

## **6. Privatisation precedents**

Considering the cancellation prices of precedent privatisation exercises of companies listed on the Stock Exchange may vary depending on their principal businesses, business nature, scale of operation, the industries they operate in and future prospects, which may be influenced by different market factors and fundamentals, we are of the view that (i) the comparison of cancellation price with privatisation precedents may not provide a meaningful analysis for assessing the fairness and reasonableness of the Cancellation Price; and (ii) our abovementioned analysis in the sections headed “4. Analysis of price performance of the Shares” and “5. Comparable companies” shall be more relevant for the Independent Shareholders.

## **7. The Option Offer**

As at the Latest Practicable Date, a total of 4,396,410 Share Options were outstanding under the Share Options Schemes, including:

- (i) 681,410 Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme with an exercise price of HK\$0.85 per Share, all of which had vested; and
- (ii) 3,715,000 Post-IPO Share Options granted under the Post-IPO Share Option Scheme with an exercise price of HK\$2.638 per Share, all of which had vested.

The Pre-IPO Share Option Scheme had automatically terminated upon the Listing and no further Pre-IPO Share Options may be granted by the Company under the Pre-IPO Share Option Scheme.

The Company has no intention to grant further Post-IPO Share Options under the Post-IPO Share Option Scheme between (a) the Announcement Date and (b) (i) the Effective Date or (ii) if the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the date on which the Scheme is not approved or does not become effective or the Proposal otherwise lapses or is withdrawn (as the case may be).

As disclosed in the Letter from the Board and the Explanatory Statement, to the extent that the outstanding Share Options have not otherwise lapsed, been cancelled or exercised, the Offeror will make (or procure to be made on its behalf) the Option Offer to the Option Holders in accordance with Rule 13 of the Takeovers Code to cancel every outstanding Share Option, conditional upon the Scheme becoming effective. Upon the Option Offer, we noted that the Offeror will offer the Option Holders the “see-through” Option Offer Price (being the Cancellation Price minus the relevant exercise price of the outstanding Share Option) for the cancellation of every Share Option.

Where the exercise price of the relevant Share Option exceeds the Cancellation Price, which is considered fair and reasonable as presented in our analysis in the above sections, the “see-through” Option Offer Price is zero and a cash offer of a nominal amount of HK\$0.0001 per Share Option will be made by the Offeror for the cancellation of each outstanding Share Option held. In this regard, the relevant Option Offer Price applicable to the Share Options is (i) HK\$0.73 in cash for every Pre-IPO Share Option cancelled; and (ii) HK\$0.0001 in cash for every Post-IPO Share Option cancelled. Considering the aforementioned, we are of the view that the Option Offer Price is fair and reasonable so far as the Option Holders are concerned.

## **RECOMMENDATIONS**

### **The Scheme**

Having taking into consideration the principal factors and reasons as discussed above, in particular:

- (i) the Proposal, if implemented, will provide the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a reasonably attractive premium and to reallocate the proceeds from the disposal of the Shares to alternative investment opportunities with more liquidity;
- (ii) the weak market sentiment and the change in consumer habit may have aroused uncertainty in the prospect of the Group;
- (iii) with the generally thin trading liquidity of the Shares during the Review Period as set out in the sections headed “4. Analysis of price performance of the Shares”, it is uncertain that there would be sufficient liquidity in the Shares for the Independent Shareholders (especially those with relatively sizeable shareholdings) to dispose of a significant number of Shares within a short period in the open market without exerting a downward pressure on the price of the Shares;
- (iv) as set out in the section headed “5. Comparable Companies”, the comparison of the implied P/E Ratio and P/B Ratio of the Cancellation Price are comparable to, if not more favourable, than, those of the Comparable Companies; and
- (v) based on our review on the audited consolidated financial statements of the Group for the three years ended 31 March 2025 and our discussion with the Management, we noted that the business performance of the Group has been affected by the (i) the weak market sentiment featured with the change in consumer habits in Hong Kong; and (ii) the intense market competition in the local market, coupled with uncertainties in the Group’s investment in digitalisation and the implementation of the cost controls and the fact that the Group would also face new challenges in overseas markets,



we are of the opinion that the terms of the Scheme are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise:

- (i) the Independent Shareholders to vote for the resolution to approve the Scheme at the Court Meeting; and
- (ii) the Shareholders to vote for the resolution(s) in respect of the Scheme at EGM.

### **The Option Offer**

Having taking into consideration the principal factors and reasons as discussed above, we are of the opinion that the terms of the Option Offer are fair and reasonable so far as the Option Holders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Option Holders to accept the Option Offer.

The Shares have traded below the Cancellation Price since the Last Trading Day and up to the Latest Practicable Date. There is still a possibility that the closing price of Shares may exceed the Cancellation Price on 28 July 2025, being the expected last day for trading in the Shares on the Stock Exchange. Accordingly, the Independent Shareholders are reminded to monitor the trading price and liquidity of the Shares during this period, and having their own circumstances, Independent Shareholders may consider to sell their Shares in the open market if the net proceeds to be obtained from the disposal of the Shares (after deducting all transaction costs) would be higher than the net amount expected to be received under the Scheme.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**



**Joshua Liu**  
*Managing Director*

*Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 25 years of experience in the securities and investment banking industries.*