

JAPAN FOODS HOLDING LTD.

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(Incorporated in the Republic of Singapore on 3 December 2007)
(Company Registration No. 200722314M)

JOINT VENTURE AGREEMENT BETWEEN JAPAN FOODS HOLDING LTD. (THE “COMPANY”) AND MINOR FOOD GROUP (SINGAPORE) PTE. LTD. (“MS”) IN RELATION TO A JOINT VENTURE TO CONDUCT BUSINESS OF FRANCHISING AND OPERATING EXISTING RESTAURANT BRANDS OWNED BY THE COMPANY AND MS IN JAPAN, THAILAND AND THE PEOPLE’S REPUBLIC OF CHINA

1. INTRODUCTION

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 7 December 2018 (“**MOU Announcement**”). Unless otherwise defined, all capitalised terms used herein shall have the same meaning as ascribed to them in the MOU Announcement.

The Board is pleased to update Shareholders that the Company has entered into a binding joint venture agreement (the “**JVA**”) with MS on 29 January 2019 to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand, the People’s Republic of China (the “**Joint Venture**”).

2. INCORPORATION OF JOINT VENTURE COMPANY

Pursuant to the terms of the JVA, the Company and MS have jointly incorporated a joint-venture company in Singapore, named Dining Collective Pte. Ltd. (“**Dining Collective**”).

Dining Collective has an initial issued and paid-up capital of S\$2 divided into 2 ordinary shares and is principally engaged in the business of developing, managing and operating (i) restaurants specialising in Japanese cuisine in Thailand and the People’s Republic of China, and (ii) restaurants specialising in Thai cuisine in Japan. The Company and MS each hold 50% equity interest in Dining Collective.

The incorporation of Dining Collective was funded using internal cash resources and is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 March 2019.

3. SALIENT TERMS OF THE JVA

3.1 Shareholding Structure

Pursuant to the terms of the JVA, the Company and MS have agreed to contribute an amount of S\$99,999 each in equity in Dining Collective, resulting in an issued and paid up share capital of S\$200,000 in aggregate divided into 200,000 ordinary shares. Following this, the shareholding structure of Dining Collective will be as follows:

Shareholder of the JVC	Shareholding
The Company	100,000 ordinary shares (50%)
MS	100,000 ordinary shares (50%)

The Group intends to fund the subscription monies of the shares in the Dining Collective using internal cash resources. The Joint Venture is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Group for the current financial year ending 31 March 2019.

3.2 Directors of the JVC

The board of directors of Dining Collective comprises of four (4) directors. The Company and MS shall each be entitled to nominate, appoint, and maintain two (2) persons as directors. The chairman of the board of directors of the JVC shall be appointed by rotation, on a yearly basis, between a director appointed by the Company and a director appointed by MS.

3.3 Shareholders' Loan

The Company and MS have agreed to provide funding to Dining Collective by way of shareholder's loan ("**Shareholder's Loan**") in the aggregate amount of S\$2,300,000 towards the working capital of Dining Collective, which will be disbursed equally by each shareholder as and when required, as determined by the board of directors of Dining Collective. The Group intends to fund its portion of the Shareholder's Loan using internal cash resources.

3.4 Subsequent Funding

In the event that Dining Collective requires additional funding, the shareholders have agreed to finance through the following methods, in the following order of priority:

- (i) the Shareholders' Loan in accordance with the agreed proportions; and
- (ii) share capital contribution by any consenting shareholder of Dining Collective.

It is the present intention of the Company to fund its portion of such subsequent funding using internal cash resources.

3.5 Business of Dining Collective

The Company will oversee, develop and manage Dining Collective's Thai cuisine restaurant operations in Japan and provide technical support and expertise in the preparation of Japanese cuisine in Thailand and China.

MS will oversee, develop and manage Dining Collective's Japanese cuisine restaurant operations in Thailand and China and provide technical support and expertise in the preparation of Thai cuisine in Japan.

3.6 Franchising of Brands

Under the terms of the JVA, the Company has agreed to franchise such brands to Dining Collective as may be mutually agreed between the parties, on terms and conditions to be agreed in the franchise agreements. Similarly, MS has agreed to franchise such brands to Dining Collective as may be mutually agreed between the parties, on terms and conditions to be agreed in the franchise agreements.

3.7 Excluded Business

Under the terms of the JVA, the parties agree and undertake that Dining Collective shall not, without the Company's prior written consent in writing, commence, operate, or enter into any agreement (whether legally binding or otherwise) to commence or operate any restaurant(s) selling or specialising in ramen within China.

3.8 Transfer of Shares

The shareholders of Dining Collective shall not transfer any share(s) without the prior consent of the other shareholder(s), save for any transfer to its wholly-owned subsidiary.

3.9 Issuance of Shares

New issues of shares, convertible securities or debentures by Dining Collective shall be offered to the Company and MS on a *pro rata* basis in accordance with their respective agreed portions with both the Company and MS having *pro rata* pre-emptive rights over any shares or debentures not subscribed for.

4. RATIONALE FOR THE JOINT VENTURE

The Joint Venture will enable the Company and MS to leverage on one another's strengths and industry experience in operating in jurisdictions such as Thailand, China and Japan, as well as expertise in Japanese and Thai cuisine respectively. Through the Joint Venture, the Company will be able to tap on MS' expertise in Thai cuisine, as well as its knowledge and industry experience in operating restaurants in Thailand and China. Conversely, MS will be able to benefit from the Company's experience and know-how in Japanese cuisine and business contacts for operating restaurants within Japan.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the directors of the Company ("**Directors**") have any interest, direct or indirect, in the Joint Venture (other than by reason only of being a Director). As at the date of this announcement, the Company has not received any notification from any of the Company's controlling shareholders that it has any interest, direct or indirect, in the Joint Venture (other than by reason of their shareholding interest in the Company).

6. NO SERVICE AGREEMENT

There is no service contract arising from the Joint Venture.

7. DIRECTORS' RESPONSIBILITY STATEMENT

This Announcement has been reviewed and approved by the Directors (including those who may have been delegated detailed supervision of the preparation of this Announcement). The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Joint Venture, and the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

8. GENERAL INFORMATION

A copy of the JVA is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO
29 January 2019

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*