

JAPAN FOODS HOLDING LTD.

(the “Company”)

(Incorporated in the Republic of Singapore on 3 December 2007)

(Company Registration No. 200722314M)

JOINT VENTURE WITH PT ARENA GOURMET IN PT MENYA MUSASHI INDONESIA TO DEVELOP JAPANESE RAMEN RESTAURANT BUSINESS UNDER THE “MENYA MUSASHI” BRAND IN INDONESIA

1. INTRODUCTION

The board of directors (“**Directors**”) of the Company (the “**Board**”) wishes to announce that the Company has today entered into an agreement (the “**Agreement**”) with PT Arena Gourmet (“**AG**”) and PT Menya Musashi Indonesia (“**MMI**”) in relation to the operation of Japanese ramen restaurant(s) (the “**Business**”) under the “*Menya Musashi*” trademark (the “**Brand**”) in Indonesia.

Under the terms of the Agreement, the Company shall subscribe for new ordinary shares in MMI (the “**Share Subscription**”) whereas AG shall purchase existing vendor shares and also subscribe for additional new ordinary shares in MMI, such that the Company and AG shall hold resultant equity interest in MMI in the proportion of 30% and 70% respectively (the “**Joint Venture**”).

The cash consideration payable by the Company for the Share Subscription amounts to IDR1,500,000,000 (Indonesian Rupiah One Billion and Five Hundred Million or approximately S\$146,259¹). The Agreement also sets out shareholders’ agreement in respect of the Joint Venture including *inter alia* the management, conduct and operation of the Business, the constitution of the board of directors and board of commissioners, reserved matters requiring approval of all shareholders and obligations of parties.

As none of the relative figures computed on the bases set out under Rule 1006 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) exceeds 5%, the Share Subscription does not constitute a “discloseable transaction” under Chapter 10 of the Catalist Rules. Upon completion of the Share Subscription, MMI will become an associated company.

2. SALIENT TERMS OF THE AGREEMENT

2.1 Principal activity of MMI

MMI is a limited liability company incorporated in Indonesia. As at the date of this Announcement, MMI has not carried on any business activity.

¹ Unless otherwise specified, the exchange rate used throughout this Announcement is assumed to be 1S\$: IDR10,255.75.

It is intended that MMI shall undertake the Business under the Brand in Indonesia and in connection with the Joint Venture, Bachmann Enterprises Pte Ltd (“**Bachmann**”) (a wholly-owned subsidiary of the Company) and MMI shall also enter into a trademark license agreement in relation to the use of the Brand

2.2 Shareholding structure of MMI

As at the date of this Announcement and prior to completion of the Agreement, MMI has an issued and paid-up capital of IDR500,000,000 (Indonesian Rupiah Five Hundred Million) comprising 500 ordinary shares of IDR1,000,000 (Indonesian Rupiah One Million) each (each an “**MMI Share**”), of which 475 MMI Shares and 25 MMI Shares are registered in the name of AG and PT Arena Multiboga, respectively.

Under the terms of the Agreement: (i) the Company shall subscribe for 1,500 MMI Shares at a cash consideration of IDR1,500,000,000 (Indonesian Rupiah One Billion Five Hundred Million) ; and (ii) AG shall subscribe for an additional 3,000 MMI Shares at a cash consideration of IDR3,000,000,000 (Indonesian Rupiah Three Billion). It is contemplated that prior thereto, AG shall purchase the existing 25 MMI Shares held by PT Arena Multiboga. Accordingly, upon completion of the Share Subscription, the Company and AG shall hold 1,500 MMI Shares (representing 30% equity interest in MMI) and 3,500 MMI Shares (representing 70% equity interest in MMI), respectively.

The consideration amount payable by the Company for the Share Subscription was based on the same terms as the subscription of MMI Shares by AG which were arrived at after considering inter alia the initial start-up costs and working capital requirements of the Joint Venture. The Company intends to fund the consideration amount for the Share Subscription using the Group’s internal cash resources.

As at 31 December 2017, the unaudited net asset value of MMI amounted to IDR494,740,000 (Indonesian Rupiah Four Hundred Ninety Four Million Seven Hundred Forty Thousand or approximately S\$48,240¹). There was no independent valuation conducted on MMI. As MMI is currently a dormant company, it incurred an insignificant net loss for the financial year ended 31 December 2017 of IDR260,000 (Indonesian Rupiah Two Hundred Sixty Thousand or approximately S\$25¹). Accordingly, the net asset value and loss attributable to a 30% equity interest in MMI would be insignificant.

2.3 Board of MMI

Under the terms of the Agreement, the board of directors of MMI shall comprise three (3) directors and AG shall be entitled to nominate up to two (2) persons while the Company shall be entitled to nominate up to one (1) person, whereas the chairman of the board shall be nominated by AG.

2.4 Dividend policy of MMI

Subject to amongst others the applicable laws, after the third (3rd) anniversary following completion, MMI shall distribute as dividend at least thirty percent (30%) of the profits of MMI after deduction of interest, tax paid or accrued and any other exceptional items as shown in the accounts for each financial year.

2.5 Conditions precedent and completion

Completion is conditional upon *inter alia* approval of relevant authorities, obtaining of third-party consents (if applicable) and the execution of a trademark licence agreement between Bachmann and MMI.

AG has undertaken to use its best endeavours to ensure that the conditions precedent are fulfilled to the reasonable satisfaction of the Company as soon as reasonably practicable and in any event by 16 April 2018 or at any date agreed by the parties in writing.

Pursuant to the Agreement, completion shall take place ten (10) business days after the date of written notification by the Company to AG of the fulfillment to the reasonable satisfaction of the Company (or waiver) of the conditions precedent set out in the Agreement or such other date the parties may agree in writing.

2.6 Other terms

Under the terms of the Agreement, the following shall be events of default: (i) either of the parties commits a material or persistent breach of its obligations under the Agreement; or (ii) either of the parties makes an assignment for the benefit of creditors generally or fails to pay its debts generally.

Subject to the terms in the Agreement, the non-defaulting shareholder has an option to require the defaulting shareholder to purchase all of the non-defaulting shareholder's MMI Shares (the "**Put Option**"), or an option to purchase all of the defaulting shareholder's MMI Shares (the "**Call Option**"). The valuation payable under the Put Option or the Call Option shall be calculated by an independent valuer to be appointed by the non-defaulting shareholder.

3. RATIONALE

AG is one of the established restaurant operators in Indonesia managing more than 20 restaurants under 8 brands that embody various ethnic cuisine concepts, namely Malaysian, South East Asian, Indonesia, Chinese, Japanese and Mexican.

The Joint Venture will enable the Company and AG to leverage on the strengths of each other in their respective areas. AG will gain access to the Company's experience and know-how in managing the Business. The Company will be able to tap on AG's local knowledge, business network and familiarity as well as its resources in Indonesia.

The Board believes that the Joint Venture will combine the strengths of the Company and AG and are of the view that the benefits arising from the synergies and the enhanced position which the Joint Venture would enjoy augurs well for the Business.

The Joint Venture is not expected to have any material impact on the earnings per share or the net tangible assets per share of the Company and the Group for the current financial year ending 31 March 2018.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the Directors or controlling shareholder of the Company is related to AG and/or MMI or has any other interest, direct or indirect, in the Share Subscription and the Joint Venture (other than by reason only of being a Director).

5. NO SERVICE AGREEMENT

There is no service contract arising from the Share Subscription and the Joint Venture.

6. 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 Share Subscription, 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.

7. GENERAL INFORMATION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727, for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO
14 February 2018

*This Announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the Catalist Rules. 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.*