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**Ajisen (China) Holdings Limited**  
**味千(中國)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 538)**

**CONNECTED TRANSACTION – FORMATION OF JOINT VENTURE AND  
ENTERING INTO THE TRADEMARK LICENCE AGREEMENT**

**FORMATION OF JOINT VENTURE**

On 29 September 2016, AJ Europe (an indirect wholly-owned subsidiary of the Company), Ajisen Overseas and the JV Company entered into the Joint Venture Agreement:

- (a) pursuant to which (i) AJ Europe agreed to subscribe 799 Shares in the JV Company at the subscription price of US\$2,000,000 and (ii) Ajisen Overseas agreed to subscribe 200 Shares in the JV Company at the subscription price of US\$500,000;
- (b) pursuant to which Ajisen Overseas agreed to enter into the Trademark Licence Agreement with the JV Company, which will provide, among others, the grant of an irrevocable sub-license to the JV Company for use of Trademarks and Know-how in the Territory and the right to further sub-license such Trademarks and Know-how and grant the franchise right to other third parties for operation of the Business under the Trademarks and Know-how, subject to and upon the terms and conditions contained in the Trademark Licence Agreement; and
- (c) to regulate their respective rights and obligations as shareholders of the JV Company and the conduct of business and affairs of the JV Group.

After the allotments and issues of the shares of the JV Company, the JV Company is owned by AJ Europe and Ajisen Overseas as to 80% and 20% respectively.

## **THE TRADEMARK LICENCE AGREEMENT**

Ajisen Overseas and the JV Company entered into the Trademark Licence Agreement immediately after completion of the subscription of shares in the JV Company on 29 September 2016.

Pursuant to the Trademark Licence Agreement, Ajisen Overseas grants an irrevocable sub-licence to the JV Company to use the Trademarks and the Know-how to operate the Business including but not limited to selling, promoting, marketing the products and services to be sold or provided under the Trademarks in relation to the Business and/or the Business in the Territory and the rights to further sub-license the aforesaid rights to any third parties to operate the Business in the Territory and to sell, promote, market the products and services to be sold or provided under the Trademarks in relation to the Business and/or the Business in the Territory, including but not limited to the rights to grant the franchise rights to the JV Company's wholly-owned Affiliates in carrying on the Business in the Territory and such appointed JV Company's Affiliates can also have the right to license its rights to any other third parties in carrying on the Business in the Territory during the term in accordance with the terms and conditions of the Trademark Licence Agreement.

## **LISTING RULES IMPLICATIONS**

Mr. Shigemitsu (a non-executive Director) owns 99% of the issued shares in Ajisen Overseas. Ajisen Overseas is therefore a connected person of the Company. Accordingly, the entering into the Joint Venture Agreement and the Trademark Licence Agreement constitutes connected transactions of the Company under the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the transactions contemplated under the Joint Venture Agreement and the Trademark Licence Agreement are more than 0.1% but less than 5%, the entering into the Joint Venture Agreement and the Trademark Licence Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 29 September 2016, AJ Europe (an indirect wholly-owned subsidiary of the Company), Ajisen Overseas and the JV Company entered into the Joint Venture Agreement. Pursuant to the Joint Venture Agreement, Ajisen Overseas entered into the Trademark Licence Agreement with the JV Company on the same date.

The principal terms of each of the Joint Venture Agreement and the Trademark Licence Agreement are as follows:

## **(A) JOINT VENTURE AGREEMENT**

**Date:** 29 September 2016

**Parties:**

- (1) Ajisen Overseas;
- (2) AJ Europe; and
- (3) the JV Company;

### **Subscription of shares in the JV Company**

Pursuant to the Joint Venture Agreement, (i) AJ Europe agreed to subscribe 799 shares in the JV Company at the subscription price of US\$2,000,000; and (ii) Ajisen Overseas agreed to subscribe 200 share in the JV Company at the subscription price of US\$500,000.

Following the allotments and issues of shares to AJ Europe (together with the one share initially held by it) and Ajisen Overseas, the JV Company is owned as to 80% by AJ Europe and 20% by Ajisen Overseas.

### **Scope of business of the JV Company**

Pursuant to the Joint Venture Agreement, Ajisen Overseas entered into the Trademark Licence Agreement with the JV Company immediately after completion of the subscription of shares in the JV Company, which provides, among others, the grant of an irrevocable sub-licence to the JV Company for the use of the Trademarks and Know-how in the Territory and the right to further sub-license such rights subject to and upon the terms and conditions contained in the Trademark Licence Agreement.

The JV Group shall carry on the Business in the Territory.

### **Rights and obligations as shareholders of the JV Company**

The principal rights and obligations of AJ Europe and Ajisen Overseas as the shareholders of the JV Company are summarised below.

### ***Board composition and management of the JV Company***

The board of the JV Company shall, unless the shareholders otherwise unanimously agree, consist of not more than five directors. AJ Europe shall be entitled to appoint up to four directors (one of whom shall be appointed as the chairman of the board), and, Ajisen Overseas shall be entitled to appoint one director (whom will be appointed as the vice chairman of the board).

All day to day management and operation of the JV Group and its affair and business in general (including but not limited to identifying and selecting the locations for the operation of the Business; setting up the shops and the restaurants for the Business; identifying, selecting, negotiating and concluding terms with licensees and franchisees for the operation of the Business, setting up manufacturing operations and central kitchens in Europe to support the Business and its franchisees and licensees; the daily operation of the Business; keeping of the accounting records of the JV Group; and the administration of the JV Group) shall be undertaken by the board of directors of the JV Company.

AJ Europe and Ajisen Overseas shall take all steps necessary to ensure that the JV Company shall not carry out any of the following actions and no resolution of the board of directors of the JV Company or of the JV Company in general meeting shall be passed to carry out the same unless the unanimous consent of the board of directors of the JV Company is obtained, which consent shall not be unreasonably withheld or delayed:

- (1) setting up any shop or restaurant to carry on the Business in any airport in the Territory;
- (2) co-operating with or granting any franchise right to any third party for operation of the Business in any airport in the Territory; and
- (3) to assign, transfer or dispose of any of the rights of the JV Company in the Joint Venture Agreement to any third party not wholly-owned by the JV Company.

#### ***Funding and shareholder support***

AJ Europe shall grant a shareholder's loan to the JV Company of not more than US\$2,500,000 for use as working capital in accordance with the timetable determined by the board of the JV Company after considering the capital requirements, general financial condition of the JV Group and other factors which the board of the JV Company deems relevant. Such shareholder's loan shall be unsecured, interest free and with no fixed repayment terms.

If the JV Company requires further funding to meet its funding requirement, then such funding requirement shall be met as the board of the JV Company may resolve from time to time in accordance with the Joint Venture Agreement.

#### ***Disposal and charging of shares***

Disposal by a shareholder of its shares in the JV Company is subject to the first right of refusal of the other shareholder.

None of the shareholders shall create or permit to subsist any security interest and encumbrance over its shares in the JV Company except with the prior written consent of the other shareholder.

## **(B) TRADEMARK LICENCE AGREEMENT**

**Date:** 29 September 2016

**Parties:** (1) Ajisen Overseas; and  
(2) the JV Company;

### **Sub-licence granted under the Trademark Licence Agreement**

Shigemitsu is the sole owner of the Trademarks and the Know-how. Shigemitsu has granted the exclusive right to Ajisen Overseas to use the Trademarks and the Know-how on a worldwide basis (excluding Japan, Singapore and Mainland China but including the Territory), including but not limited to the rights to sub-licence the aforesaid rights to any third parties to operate the Business in the Territory and to sell, promote, market the products and services under the Trademark in relation to the Business and/or the Business in the Territory, and such rights including but not limited to the rights to grant the franchise rights to the third parties' Affiliates and any other Persons in carrying on the Business in the Territory.

Pursuant to the Trademark Licence Agreement, Ajisen Overseas grants an irrevocable sub-licence to the JV Company to use the Trademarks and the Know-how to operate the Business including but not limited to selling, promoting, marketing the products and services to be sold or provided under the Trademarks in relation to the Business and/or the Business in the Territory and the rights to further sub-licence the aforesaid rights to any third parties to operate the Business in the Territory and to sell, promote, market the products and services to be sold or provided under the Trademarks in relation to the Business and/or the Business in the Territory, including but not limited to the rights to grant the franchise rights to the JV Company's wholly-owned Affiliates in carrying on the Business in the Territory and such appointed JV Company's Affiliates can also have the right to license its rights to any other third parties in carrying on the Business in the Territory during the term in accordance with the terms and conditions of the Trademark Licence Agreement.

### **Restrictions on Ajisen Overseas**

Ajisen Overseas shall not grant to any other Person a licence to use the Trademarks or the Know-how to operate, or allow Shigemitsu or Ajisen Overseas itself or any of their respective Affiliates to operate, the Business in the Territory.

### **Term of the Trademark Licence Agreement**

The Trademark Licence Agreement shall extend for an unlimited duration from the date of the Trademark Licence Agreement, unless otherwise terminated in accordance with its terms.

## **Start-up fee and royalty fee**

The JV Company shall pay to:

- (i) Ajisen Overseas a one-off start-up fee in the sum of US\$15,000 in respect of each new store opened and operated in the Territory, save and except where the store is (a) located in an airport; or (b) operated by an Airport Operator (wherever located); or (c) operated by the JV Company or the JV Company's direct or indirect Affiliates; and
- (ii) each of Shigemitsu and Ajisen Overseas a monthly royalty fee of US\$500 (or on pro rata basis if less than a month) for each store operated under the Business in the Territory during the term by the JV Company, its Affiliates, franchisees and/or licensees.

## **INFORMATION RELATING TO THE JV COMPANY**

The JV Company is a company incorporated in British Virgin Islands. It is a private limited company limited by shares and at the date hereof is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. One share of which has been issued to AJ Europe prior to the Joint Venture Agreement. Following the allotment and issue of shares under the Joint Venture Agreement, the JV Company is owned as to 80% and 20% by AJ Europe and Ajisen Overseas respectively.

Subject to and upon the terms and conditions contained in the Joint Venture Agreement, Ajisen Overseas and AJ Europe have agreed to co-operate in the establishment and management of the Business through the medium of the JV Company, which is intended to be a joint venture company for carrying on the Business in the Territory.

In accordance with the Trademark License Agreement, the JV Company is granted an irrevocable sub-licence to use Trademarks and the Know-how to operate the Business, and the rights to further sub-licence the aforesaid rights to any third parties to operate the Business in the Territory.

## **INFORMATION RELATING TO THE COMPANY**

The Company is an investment holding company. The Group is a fast casual restaurant chain operator selling Japanese ramen and Japanese-style dishes in Hong Kong and China under the "Ajisen" brand name.

## **INFORMATION RELATING TO SHIGEMITSU**

Shigemitsu is the owner of the "Ajisen brand" and the franchisor of the Group. Mr. Shigemitsu, a non-executive Director, owns approximately 44.8% interests in Shigemitsu. Shigemitsu is a connected person of the Company.

## **INFORMATION RELATING TO AJISEN OVERSEAS**

Ajisen Overseas is a company incorporated in Hong Kong and is owned as to 99% by Mr. Shigemitsu. Ajisen Overseas is therefore a connected person of the Company. Shigemitsu has granted the exclusive right to Ajisen Overseas to use the Trademarks and the Know-how on a worldwide basis (excluding Japan, Singapore and Mainland China but including the Territory), including but not limited to the rights to sub-license the aforesaid rights to any third parties to operate the Business in the Territory and to sell, promote, market the products and services under the Trademark in relation to the Business and/or the Business in the Territory, and such rights including but not limited to the rights to grant the franchise rights to the third parties' Affiliates and any other Persons in carrying on the Business in the Territory.

## **INFORMATION RELATING TO AJ EUROPE**

AJ Europe is a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company. It is an investment holding company.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS**

Subject to and upon the terms and conditions contained in the Joint Venture Agreement, Ajisen Overseas and AJ Europe have agreed to co-operate in the establishment and management of the Business through the medium of the JV Company, which is intended to be a joint venture company for carrying on the Business in the Territory.

The main purpose of the Company to participate in the joint venture is to establish a joint venture company, the JV Company, to carry on the Business in the Territory and to explore the opportunity to further develop and expand the food offerings and franchise business beyond the existing business landscape of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Joint Venture Agreement and the Trademark Licence Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Shigemitsu (a non-executive Director) owns 99% of the issued shares in Ajisen Overseas. Ajisen Overseas is therefore a connected person of the Company. Accordingly, the entering into the Joint Venture Agreement and the Trademark Licence Agreement constitutes connected transactions of the Company under the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the transactions contemplated under the Joint Venture Agreement and the Trademark Licence Agreement are more than 0.1% but less than 5%, the entering into the Joint Venture

Agreement and the Trademark Licence Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

“Affiliate(s)”	any specified firm or company directly or indirectly controlling or controlled by or under direct or indirect common control with such specified firm or company
“Airport Operator”	means any Person who operates a food store or restaurant or carries on a business in an airport or other public transport hub (including but not limited to train station, bus station, rapid transit station and ferry terminal) serving food and/or beverage to travelling customers
“AJ Europe”	AJ Europe Limited, a company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Ajisen Overseas”	Ajisen Overseas Franchising Company Limited, a company incorporated under the laws of Hong Kong and is owned as to 99% by Mr. Shigemitsu
“Board”	the board of directors of the Company
“Business”	the business of manufacturing, supplying, marketing, distributing and selling noodles with the soup base made from a unique recipe formulated by Shigemitsu and the business of operating Japanese-style noodle restaurants under the Trademarks and Registered Trademarks
“Company”	Ajisen (China) Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries



“Joint Venture Agreement”	the joint venture agreement dated 29 September 2016 entered into between Ajisen Overseas, AJ Europe and the JV Company in relation to the JV Company as a joint venture company
“JV Company”	Ajisen International Limited, a company incorporated under the laws of British Virgin Islands with limited liability which is owned as to 80% by AJ Europe and 20% by Ajisen Overseas upon the completion of share allotments and issues under the Joint Venture Agreement
“JV Group”	the JV Company and its subsidiaries from time to time
“Know-how”	information, intellectual property, data, trade secrets and other proprietary information, know-how or experience whether patentable or not including but not limited to all designs or manufacturing techniques, operation instructions and skills, product and restaurant designs, raw material or products specifications, drawings, blue prints, and any other technical and commercial information relating to the operation of the Business or in connection with the Business
“Mr. Shigemitsu”	Mr. Katsuaki Shigemitsu, a non-executive Director
“Person”	any person (including natural person), firm, company, corporation, unincorporated organisation or association, trust, Government, state or agency of a state, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing
“Registered Trademarks”	registered trademarks relating to “Ajisen” owned by Shigemitsu and listed in the Trademark Licence Agreement
“Shigemitsu”	Shigemitsu Industry Co. Ltd., a company incorporated under the laws of Japan with limited liability. Mr. Shigemitsu owns approximately 44.8% interest in Shigemitsu

<p>“Territory”</p>	<p>(i) Europe, including but not limited to the countries of United Kingdom, Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kazakhstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Portuguese Republic, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, Vatican City, Abkhazia, Kosovo, Nagorno-Karabakh, Northern Cyprus, South Ossetia, Transnistria/Trans-Dniester, Akrotiri and Dhekelia, Faroe Island/Faeroe Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Aland, Northern Island, Svalbard, and any other countries which are not stated above but are included from time to time as parts of Europe within the definition of the United Nation and (ii) airports in any country, region or city of the world (excluding Japan, Singapore and Mainland China, Hong Kong, Macau, Malaysia, Indonesia, Vietnam, Thailand, Cambodia, Mongolia, the Philippines, USA (West Coast, New York, Guam and Saipan), Canada and Melbourne)</p>
<p>“Trademark Licence Agreement”</p>	<p>the trademark license agreement dated 29 September 2016 entered into between Ajisen Overseas and the JV Company in relation to granting an irrevocable sub-licence to the JV Company for use of Trademarks and Know-how in the Territory and the right to further sub-licence such Trademarks and Know-how in the Territory and the right to further sub-license such Trademarks and Know-how and grant the franchise right to other third parties</p>
<p>“Trademarks”</p>	<p>trade name of “Ajisen Ramen” and the associated trademarks, the Registered Trademarks that owned by Shigemitsu from time to time during the term of this Agreement howsoever they are registered or unregistered in the Territory</p>

“US\$”

United States Dollar, the lawful currency of the United States of America

By order of the Board  
**Ajisen (China) Holdings Limited**  
**Poon Wai**  
*Chairman*

Hong Kong, 30 September 2016

*As at the date of this announcement, the Board comprises Ms. Poon Wai and Mr. Poon Ka Man, Jason as executive directors of the Company; Mr. Katsuaki Shigemitsu as non-executive director of the Company; and Mr. Lo Peter, Mr. Jen Shek Voon and Mr. Wang Jincheng as independent non-executive directors of the Company.*