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If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ajisen (China) Holdings Limited, you should at once hand this document to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**(I) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED
TRANSACTIONS AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

八方 金融有限公司
OCTAL Capital Limited

Unless the context otherwise requires, capitalised terms used in this cover shall have the same meanings as defined in this circular.

A notice convening an Extraordinary General Meeting of Ajisen (China) Holdings Limited (the “Company”) to be held at 6/F, Block B, Ajisen Group Tower, 24-26 Sze Shan Street, Yau Tong, Kowloon, Hong Kong on 31 December 2024 at 10:30 a.m. is set out on pages 51 to 52 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company at www.ajisen.com.hk. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. before 10:30 a.m. on 29 December 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting if they so wish.

To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

16 December 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 CCT Agreements”	the Fortune Choice Sales Agreement, the Fortune Choice Supply Agreement and the Festive Profits Supply Agreement, each of them expired on 13 May 2024
“Articles” or “Articles of Association”	the existing articles of association of the Company, as amended, supplemented and restated from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT Supply Agreements”	the Renewed Fortune Choice Supply Agreement, and the Renewed Festive Profits Supply Agreement
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Ajisen (China) Holdings Limited, an exempted company incorporated on 6 April 2006 with limited liability under the laws of the Cayman Islands, with its shares listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eagle Sky”	Eagle Sky International Limited, a company incorporated in Hong Kong in which Mr. Katsuaki Shigemitsu, a non-executive Director, and Shigemitsu Industry own 60% and 30% interest respectively
“Existing Annual Caps”	the anticipated maximum annual value of the transactions contemplated under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements for the three years ending 31 December 2024, 2025 and 2026, as stated in the announcement of the Company dated 14 May 2024
“Existing Continuing Connected Transactions”	the continuing connected transactions of the Group under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements

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“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 6/F, Block B, Ajsen Group Tower, 24-26 Sze Shan Street, Yau Tong, Kowloon, Hong Kong on 31 December 2024 at 10:30 a.m. or any adjournment thereof and notice of which is set out on pages 51 to 52 of this circular
“FCR”	fast casual restaurant
“Festive Profits”	Festive Profits Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Festive Profits Supply Agreement”	the agreement dated 14 May 2009 entered into between Shigemitsu Food and Festive Profits relating to the supply of food products, goods, materials and supplies to the Group for the operation of the Franchise Businesses, the term of which was extended until 13 May 2024 by the renewal agreements dated 14 May 2012, 14 May 2015, 14 May 2018, 14 May 2021 and 14 May 2024
“Fortune Choice”	Fortune Choice Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Fortune Choice Sales Agreement”	the agreement entered into between Shigemitsu Industry and Fortune Choice dated 23 May 2006 pursuant to which Fortune Choice agreed to sell and export various goods to Shigemitsu Industry, the term of which was extended until 13 May 2024 pursuant to the renewal agreements dated 14 May 2009, 14 May 2012, 14 May 2015, 14 May 2018, 14 May 2021 and 14 May 2024
“Fortune Choice Supply Agreement”	the agreement (as supplemented by a supplemental agreement dated 16 September 2006) entered into between Shigemitsu Industry and Fortune Choice dated 23 May 2006 pursuant to which Shigemitsu Industry agreed to supply materials and supplies which are required by the Group for the operation of the Franchise Businesses, including soup base, condiments and other goods. The term of the agreement was extended until 13 May 2024 pursuant to the renewal agreements dated 14 May 2009, 14 May 2012, 14 May 2015, 14 May 2018, 14 May 2021 and 14 May 2024
“Franchise Agreements”	collectively, the HK Franchise Agreement and the Mainland China Franchise Agreement

DEFINITIONS

“Franchise Businesses”	(1) the business of manufacturing, supplying, marketing, distributing and selling ramen and the special Japanese soup base formulated and produced by Shigemitsu Industry; and (2) the business of operating Japanese-style ramen FCR chain under the trade name of “味千拉麵” and related trademarks
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK Franchise Agreement”	the franchise agreement dated 19 February 2006 and made between Shigemitsu Industry as franchisor and Hong Kong Ajisen Food Company Limited, an indirect wholly-owned subsidiary of the Company, as franchisee in relation to the Franchise Businesses in Hong Kong and Macau
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors, established to advise the independent shareholders as to voting at the EGM on, among other things, the resolutions approving the Revised Annual Caps
“Independent Financial Advisor”	Octal Capital Limited, being a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which is the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps in respect of the transactions contemplated under the Franchise Agreements and the CCT Supply Agreements
“Independent Shareholder(s)”	Shareholders other than those who have a material interest in the Franchise Agreements and the CCT Supply Agreements
“Latest Practicable Date”	13 December 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS

“Mainland China Franchise Agreement”	the franchise agreement dated 19 February 2006 and made between Shigemitsu Industry as franchisor and (after the Novation Agreement) Festive Profits as franchisee in relation to the Franchise Businesses in Mainland China
“Novation Agreement”	the novation agreement dated 16 September 2006 and made between Ajisen Ramen Group Limited, Festive Profits and Shigemitsu Industry for the assumption of the rights and obligations of Ajisen Ramen Group Limited under the Mainland China Franchise Agreement by Festive Profits
“PRC”	The People’s Republic of China
“percentage ratios”	refer to the percentage ratios under Rule 14.07 of the Listing Rules
“Renewed Festive Profits Supply Agreement”	the renewal agreement in respect of the Festive Profits Supply Agreement entered into between Festive Profits and Shigemitsu Food on 14 May 2024 under which the term of the Festive Profits Supply Agreement is further extended for a three-year term ending on 13 May 2027
“Renewed Fortune Choice Sales Agreement”	the renewal agreement in respect of the Fortune Choice Sales Agreement entered into between Fortune Choice and Shigemitsu Industry on 14 May 2024 under which the term of the Fortune Choice Sales Agreement is further extended for a three-year term ending on 13 May 2027
“Renewed Fortune Choice Supply Agreement”	the renewal agreement in respect of the Fortune Choice Supply Agreement entered into between Fortune Choice and Shigemitsu Industry on 14 May 2024 under which the term of the Fortune Choice Supply Agreement is further extended for a three-year term ending on 13 May 2027
“RMB”	Renminbi, the lawful currency of Mainland China
“Revised Annual Sales Cap”	the revised anticipated maximum annual value of the transactions contemplated the Renewed Fortune Choice Sales Agreement for the year ending 31 December 2024, 2025 and 2026, as stated in this circular
“Revised Annual Cap(s)”	the revised anticipated maximum annual value of the transactions contemplated the Franchise Agreements and the CCT Supply Agreements for the three years ending 31 December 2024, 2025 and 2026, as stated in this circular

DEFINITIONS

“Shenzhen Factory”	味千拉麵(深圳)有限公司 (Wei Qian Noodle (Shenzhen) Co., Ltd), a company established in Mainland China and an indirect wholly-owned subsidiary of the Company
“Shigemitsu Industry”	Shigemitsu Industry Co., Ltd. (also known as Shigemitsu Kabushiki Kaisha or Shigemitsu Sangyo Co., Ltd), a company incorporated in Japan of which Mr. Katsuaki Shigemitsu owns approximately 68.35% interest
“Shigemitsu Food”	西蓋米食品(上海)有限公司 (Shigemitsu Food (Shanghai) Co., Ltd.), a company established in Mainland China which is wholly owned by Eagle Sky
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary/Subsidiaries”	any entity which has the meaning of the term “Subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Poon Wai (*Chairman and Chief Executive Officer*)
Mr. Poon Ka Man, Jason
Ms. Ng Minna

Non-executive Directors:

Mr. Katsuaki Shigemitsu
Mr. Yew Yat On

Independent Non-executive Directors:

Mr. Lo Peter
Mr. Jen Shek Voon
Mr. Ho Pak Chuen Brian

Registered office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1- 1108
Cayman Islands

Principal place of business in Hong Kong:

6th Floor, Ajisen Group Tower
Block B, 24-26 Sze Shan Street
Yau Tong, Kowloon
Hong Kong

16 December 2024

To the Shareholders

Dear Sir or Madam

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval on the resolution regarding the revision of the Annual Caps in relation to the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements at the Extraordinary General Meeting and to give you notice of the Extraordinary General Meeting.

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REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcements of the Company dated 15 May 2015 and 21 May 2015 in relation to the continuing connected transactions under the 2021 CCT Agreements, and (ii) the announcement and supplemental announcement dated 14 May 2024 and 20 May 2024 in relation to, among others, the Existing Continuing Connected Transactions entered into between the Group and its connected persons and the Existing Annual Caps for the three years ending 31 December 2024, 2025 and 2026. Reference is also made to the announcement of the Company dated 15 November 2024 in relation to the revision of annual caps for the transactions contemplated under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements.

On 14 May 2024, the Group renewed the Fortune Choice Sales Agreement and the Fortune Choice Supply Agreement with Shigemitsu Industry both for a further three-year term ending on 13 May 2027. On the same date, the Group also renewed the Festive Profits Supply Agreement with Shigemitsu Food for a further three-year term ending on 13 May 2027.

In view of the actual business need and the expansion of the Franchise Businesses of the Group, the Board anticipates that the transactions under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements will exceed the previous projections and that the Existing Annuals Caps will not be sufficient to meet the Group's requirements for the three years ending 31 December 2024, 2025 and 2026. Accordingly, the Board proposes to revise the Existing Annual Caps to address its anticipating business needs in view of expected material market changes. Save for the revision of the Existing Annual Caps, all terms and conditions of the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements shall remain unchanged.

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

The principal terms of each of the Franchise Agreements, the CCT Supply Agreements and the Renewed Fortune Choice Sales Agreement are as follows:

(A) *FRANCHISE AGREEMENTS*

The Franchise Agreements were made on 19 February 2006. Pursuant to the Franchise Agreements, Shigemitsu Industry (as franchisor), agrees to grant a sole, exclusive and perpetual franchise to the Group to operate the Franchise Businesses in Mainland China, Hong Kong and Macao. The Franchise Agreements are perpetual unless terminated by an occurrence of any terminating event as set out in the Franchise Agreements. During the three years ending 31 December 2024, 2025 and 2026, monthly franchise fees will remain at RMB3,500 per store in mainland China and HK\$7,000 per store in Hong Kong, besides, a technical fee is payable to Shigemitsu Industry when the Group uses the franchisor's

LETTER FROM THE BOARD

trademark for producing packaging condiments or noodles, currently the Group manufactures the packaging products in the PRC and has no plan to manufacture the packaging products in Hong Kong for the year ending 31 December 2024, 2025 and 2026. The technical fee is calculated as follows:

Annual turnover of packaging condiments and noodles with franchisor's trademark	Technical fee
The portion of turnover RMB 0 - 100,000,000	1%
The portion of turnover RMB 100,000,001 – 300,000,000	0.75%
The portion of turnover RMB 300,000,000 or above	0.5%

The terms of the Franchise Agreements (including the fees payable by the Group to Shigemitsu Industry thereunder) were negotiated on an arm's length basis. The Directors believe that the perpetual term of the Franchise Agreements best serves the commercial interests of the Group and Shigemitsu Industry in their ordinary course of business dealing and is therefore a normal commercial practice. It is also important to and in the best interests of the Group and the shareholders of the Company to sign long-term franchise agreements with Shigemitsu Industry to secure the franchise rights and avoid any potential issues in entering into new agreements in the future. The franchise fees and technical fees payable by the Group to Shigemitsu Industry under the Franchise Agreements will be settled by cash on an annual basis.

(B) RENEWED FORTUNE CHOICE SUPPLY AGREEMENT

Date of agreement:	14 May 2024
Parties:	(1) Fortune Choice as buyer; and (2) Shigemitsu Industry as seller
Term:	From 14 May 2024 to 13 May 2027
Scope of the agreement:	Shigemitsu Industry to supply materials and supplies which are required by the Group for the operation of the Franchise Businesses, including soup base, condiments, flour and other goods.
Pricing policy:	The consideration of the goods (other than the specialty products which are only available through Shigemitsu Industry) would be determined by reference to i) prevailing market prices of similar products offered by independent third-party suppliers; or ii) prices Shigemitsu Industry offers to independent third-party customers.

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In order to ensure that the price and terms offered by Shigemitsu Industry would be on normal commercial terms or on terms no less favorable to the Group than that offered by independent third-party suppliers, the Group has adopted the following pricing procedures:

- i) prices and terms will be reviewed by the procurement department for every purchase order;
- ii) for every purchase order, the procurement department will compare the prices and terms with at least two quotations from independent third-party suppliers or at least two invoices or quotations that Shigemitsu Industry offered to two different independent third-party customers, to ensure the offer to the Group are at arm's length and reflect normal commercial terms;
- iii) every purchase order will be approved by a procurement manager and an executive Director; and
- iv) for every purchase order, the internal audit department will compare the prices and terms that offered by Shigemitsu Industry with the unit selling price and terms offered by independent third party suppliers of the Group (for products including condiments, flour and other goods) to make sure that the prices and terms offered by Shigemitsu Industry would be no less favorable than the offer from the independent third-party suppliers.

In relation to those specialty products, which are only available through Shigemitsu Industry, such as soup base, the Group has adopted the following pricing procedures:

- i) prices and terms will be reviewed by the procurement department for every purchase order;
- ii) for every purchase order, the procurement department will compare the prices and terms with at least two sale invoices or quotations for the same products that Shigemitsu Industry offered to independent third-party customers to ensure the price and terms offered to the Group would be no less favorable than those offered to other independent third-party customers;

LETTER FROM THE BOARD

- iii) every purchase order will be approved by a procurement manager and an executive Director; and
- iv) for every purchase order, the internal audit department will compare the prices and terms offered by Shigemitsu Industry with the unit selling price and terms offered by Shigemitsu Industry to their independent third-party customers to make sure that the prices and terms offered by Shigemitsu Industry would be no less favorable than the offer for the independent third-party customers.

Pursuant to a supplemental agreement dated 16 September 2006 and made between Fortune Choice and Shigemitsu Industry, the parties agree that where the goods are manufactured or supplied by Shigemitsu Industry from the PRC, Shigemitsu Industry will duly and reasonably adjust the prices of the goods in favour of the Group. Shigemitsu Industry will adjust the price to the extent that the unit price that the Group paid, including the costs of goods, costs of logistics and taxes, if any, would be less than those offered to other independent third-party customers.

Payment terms: The consideration of the goods shall be settled in full in 30-45 days after the goods have been delivered.

(C) *RENEWED FESTIVE PROFITS SUPPLY AGREEMENT*

Date of agreement: 14 May 2024

Parties:

- (1) Shigemitsu Food as seller; and
- (2) Festive Profits as buyer

Term: From 14 May 2024 to 13 May 2027

Scope of the agreement: Shigemitsu Food to sell soup base which are required by the Group for the operation of the Franchise Businesses.

Pricing policy: The soup base, which is only available through Shigemitsu Food, the Group has adopted the following pricing procedures:

- i) prices and terms will be reviewed by the procurement department for every purchase order;

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- ii) for every purchase order, the procurement department will compare the prices and terms with at least two sale invoices or quotations for the same products that Shigemitsu Food offered to independent third-party customers to ensure the price and terms offered to the Group would be no less favorable than those offered to other independent third-party customers;
- iii) every purchase order will be approved by a procurement manager and an executive Director; and
- iv) for every purchase order, the internal audit department will compare the prices and terms offered by Shigemitsu Food with the unit selling price and terms offered by Shigemitsu Food to their independent third-party customers, to make sure that the price and terms offered by Shigemitsu Food would be no less favorable than the offer for the independent third-party customers.

Payment terms: The consideration of the goods shall be settled in full in 30-45 days after the goods have been delivered.

(D) *RENEWED FORTUNE CHOICE SALES AGREEMENT*

Date of agreement: 14 May 2024

Parties:

- (1) Fortune Choice as seller; and
- (2) Shigemitsu Industry as buyer

Term: From 14 May 2024 to 13 May 2027

Scope of the agreement: Fortune Choice to sell and export various goods to Shigemitsu Industry, including fried onion crispy packs, fried garlic crispy packs and sundry items.

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Pricing policy:

The selling price of the goods sold is determined by material and production costs. By the end of each quarter, the total cost, including material cost and overhead, of each product is reviewed, and a markup of approximately 30% to 40% is added, to make a profit, to determine the unit selling price. The pricing mechanism with Shigemitsu Industry is generally the same as with the independent third-party customers, therefore prices offered to Shigemitsu Industry would not be favorable to the price offered to independent third-party customers.

In order to ensure that the price and terms offered to Shigemitsu Industry would be on normal commercial terms or on terms no less favorable to the Group than that offered to independent third-party customers, the Group has adopted the following pricing procedures:

- i) the retail sales department will check the unit selling price and terms for every sale to Shigemitsu Industry, make sure that the price and the terms are not favorable to Shigemitsu Industry than those offered to other independent third-party customers;
- ii) every sales order will be approved by a retail sales manager and an executive Director; and
- iii) for every sales order, the internal audit department will compare the prices and terms offered to Shigemitsu Industry with the unit selling price and terms offered to independent third-party customers. By the end of each quarter, the internal audit department will review the unit selling price and terms offered to Shigemitsu Industry, including the markup of approximately 30% to 40% added to the unit selling price, to make sure that the price and terms, including the markup, are not favorable to Shigemitsu Industry than those offered to other independent third-party customers.

Payment terms:

The consideration of the goods will be paid by Shigemitsu Industry to Fortune Choice in cash in full in 30-45 days after goods have been delivered.

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REVISION OF EXISTING ANNUAL CAPS

	Annual caps for the financial year ending 31 December						Transaction
	2024		2025		2026		amounts for the
	Existing	Revised	Existing	Revised	Existing	Revised	period from
	annual cap	annual cap	annual cap	annual cap	annual cap	annual cap	1 January to
							30 September
							2024
	RMB	RMB	RMB	RMB	RMB	RMB	(Unaudited)
							RMB
1. Franchise Agreements							
(a) HK Franchise Agreement							
- franchise fee	500,000	500,000	500,000	770,000	500,000	995,000	286,206
(b) Mainland China Franchise Agreement							
- franchise fee	22,550,000	24,060,000	22,350,000	26,800,000	22,350,000	30,160,000	16,040,850
- technical fee	500,000	500,000	700,000	700,000	700,000	700,000	229,468
2a. Renewed Fortune Choice Supply Agreement and	1,909,000	1,909,000	1,909,000	2,405,000	1,909,000	2,947,000	1,151,089
2b. Renewed Festive Profits Supply Agreement	26,591,000	33,754,000	26,591,000	37,828,000	26,591,000	42,483,000	23,132,869
3. Renewed Fortune Choice Sales Agreement	900,000	1,500,000	900,000	1,500,000	900,000	1,500,000	718,591

The Revised Annual Sales Cap and Revised Annual Caps for the transactions contemplated under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements for the three years ending 31 December 2024, 2025 and 2026 are determined with reference to, among other things, the following factors:

- (1) the terms and conditions of the existing agreements;
- (2) the historical transaction amounts with respect to the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements (aggregated where appropriate); and
- (3) the expectation on the demand for soup base, flour, condiments and other goods which are required by the Group for the operation of the Franchise Businesses in light of the expected business growth of the Group.

The Revised Annual Caps for Hong Kong and PRC Franchise Agreements were determined based on the estimated number of shops the Group will operate in each market for the years ending 31 December 2024, 2025, and 2026. The Group estimates it will operate 7, 10 and 13 Ajisen restaurants in Hong Kong and 580, 650, and 730 in PRC for the year ending 31 December 2024, 2025 and 2026, respectively. Monthly franchise fees will remain fixed at HK\$7,000 per store in Hong Kong and RMB3,500 per store in mainland China. Technical fee is expected to remain stable for the year ending 31 December 2024, 2025 and 2026. Given that the technical fee amounted to approximately RMB400,000 to RMB600,000 for the years ending 31 December 2021, 2022 and 2023, the cap is set at RMB500,000 for the year ending 31 December 2024, while the cap is set at RMB700,000 for the years ending 31 December 2025 and 2026, which leave a buffer for the potential unexpected market fluctuation.

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The Revised Annual Caps for CCT Supply Agreements was determined by multiplying the expected annual average material purchase per Ajisen restaurant by the expected total number of Hong Kong and PRC Ajisen restaurants for the years ending 2024, 2025 and 2026. A 5% inflation rate was incorporated into the Fortune Choice Supply Agreement cap calculation considering the food inflation in Japan last year. For the nine months ended 31 December 2024, the annual average purchase per Ajisen restaurant was approximately RMB58,200. The total number of Hong Kong and PRC Ajisen restaurants is estimated to be 587, 660, and 743 for the years ending 31 December 2024, 2025 and 2026, respectively.

The Revised Annual Sales Cap for the Renewed Fortune Sales Agreement was determined based on historical sales performance with Shigemitsu Industry. The annual volume of sales transactions to be conducted is directly influenced by the demand generated from Shigemitsu Industry. Over the past ten years, average annual sales to Shigemitsu Industry from 2014 to 2018 was approximately RMB650,000. From 2019 to 2023, average annual sales increased to approximately RMB943,000, a 45% increase. Considering this 45% sales increase over the past five years and the Group received extra unexpected sales order in October 2024, the necessity for the Revised Annual Sales Cap stems from the anticipated continuous expansion and increasing demand from Shigemitsu Industry for the upcoming 3 years the Company foresees the need for the Revised Annual Sales Cap to accommodate and facilitate the expected surge in business volume and to align with the expected increase in annual volume of sales transactions. The Revised Annual Sales Cap was set at RMB1,500,000.

As at the Latest Practicable Date, the transaction amounts with respect to the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements (aggregated where appropriate) have not exceeded the Existing Annual Caps. If any of the Revised Annual Sales Cap and Revised Annual Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

MEASURES OF INTERNAL CONTROL

To ensure the transactions contemplated under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements are conducted on normal commercial terms and not prejudicial to the interests of the Company and its shareholders as a whole, the Company has adopted a series of internal control measures for its daily operation:

- For every purchase order under the CCT Supply Agreements, the procurement department of the Group is responsible for ascertaining the prices and terms offered by third parties, generally by way of obtaining invoices or quotations from other independent third parties to determine the market price of similar goods and services. In relation to those specialty products which are only available through Shigemitsu Industry and Shigemitsu Food, the procurement department will obtain quotations or invoices that Shigemitsu Industry and Shigemitsu Food offered to independent parties, to make sure that the offer obtained by the Group is no less favourable.

For every sales order the Renewed Fortune Choice Sales Agreement, the retail sales department will review the total costs of the goods and unit selling price and terms. For every sales order, price and term offered to Shigemitsu Industry will be confirmed by an executive Director to ensure that transactions are at arm's length and reflect normal commercial terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

- The audit committee of the Company will review the transactions under the Franchise Agreement, the Renewed Fortune Choice Sales Agreements and the CCT Supply Agreements annually.
- The Group will review the transaction amount of each continuing connected transaction monthly, to access the potential of exceeding the annual caps.
- The auditor of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

With the pricing mechanism and the internal control measures adopted, the transactions prices and terms has been compared with the offer from or to the interdependent third-party suppliers or customers, the transactions would be on commercial terms and at arm's length. The transaction terms are also reviewed by the internal audit department regularly, therefore, the Directors consider that the transactions with Shigemitsu Industry and Shigemitsu Food are not prejudicial to the interest of the Group and its minority Shareholders.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

The Board has been closely monitoring the historical transaction amounts and estimated transaction amounts under the Existing Continuing Connected Transactions. Despite the apparent downturn in the market, the Company decided to expand its Franchise Businesses. In the past, prime locations had high rental costs, however, with various businesses closing down, the Group can now secure better locations at more affordable prices. In view of the actual business need and the expansion of the Franchise Businesses of the Group, the Board anticipates that the transactions under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements will exceed the previous projections and that the Existing Annuals Caps will not be sufficient to meet the Group's requirements for the three years ending 31 December 2024, 2025 and 2026. Accordingly, the Board proposes to revise the Existing Annual Caps to address its anticipating business needs. The Board believes that the Revised Annual Sales Cap and the Revised Annual Caps allow the Group to further develop and expand its Franchise Businesses which will benefit the Group and the shareholders as a whole.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) are of the view that since the Group carries on the Franchise Businesses pursuant to the Franchise Agreements which have been, and will remain, a key factor to the Group's success, it would be in the best interests of the Company and its shareholders to have in place measures to ensure continuity and stability with respect to the supplies, services and expertise provided by the respective counterparties in the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements. The Directors (including the independent non-executive Directors) are also of the view that the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements are beneficial to the business of the Group as the goods, supplies, services, materials and expertise provided by the respective counterparties of the transactions are essential to the day-to-day operations of the Group's Franchise Businesses.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements have been entered into in the ordinary and usual course of business of the Group and that the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements were negotiated on an arm's length basis, on normal commercial terms, which are fair and reasonable, and in the interests of the Group and the Company's shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the Revised Annual Sales Cap and the Revised Annual Caps of the continuing connected transactions under the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements are fair and reasonable.

INFORMATION OF THE PARTIES INVOLVED IN THE CONTINUING CONNECTED TRANSACTIONS

The Company

The Company is an investment holding company. The Group is a FCR chain operator selling Japanese ramen and Japanese-style dishes in Hong Kong and Mainland China under the "Ajisen" brand name pursuant to the franchise granted by Shigemitsu Industry.

Fortune Choice

Fortune Choice is an indirect wholly-owned subsidiary of the Company, the holding company of Shenzhen Factory and its principal business is investment holding and trading of noodles and other food products manufactured by the Shenzhen Factory.

Festive Profits

Festive Profits is an indirect wholly-owned subsidiary of the Company. It is an intermediate holding company of the Group's operation in the PRC.

Shigemitsu Industry

Shigemitsu Industry is a company incorporated in Japan. It is the owner of the trade name "味千拉麵" and related trademarks, and franchisor of the Company. Mr. Katsuaki Shigemitsu indirectly owns approximately 68.35% in Shigemitsu Industry through Shigemitsu Corporation Limited, a company incorporated in Japan which is wholly owned by Mr. Katsuaki Shigemitsu.

To the best knowledge of the Directors having made reasonable enquiry, as at the date of this announcement, the remaining 31.65% interest in Shigemitsu Industry is owned as to: (i) approximately 7.45% by Directors Shareholding Association, an association control by independent third parties; (ii) approximately 4.91% by Ms. Yoshie Shigemitsu and approximately 0.16% by Ms. Yoshimi Nakanishi, the sisters of Mr. Katsuaki Shigemitsu; (iii) approximately 3.96% by Mr. Masaki Hisatomi and approximately 3.96% by Mr. Taiji Hisatomi, the cousins of Mr. Katsuaki Shigemitsu; (iv) approximately 2.38% by Ms. Kyoka Shigemitsu, the daughter of Mr. Katsuaki Shigemitsu; (v) approximately 2.38% by Mr. Takao Shigemitsu, the son of Mr. Katsuaki Shigemitsu; (vi) approximately 1.58% by Ms. Akiko Shigemitsu, the mother of Mr. Katsuaki Shigemitsu; (vii) approximately 1.58% by Ms. Poon Wai, the chairman of the

LETTER FROM THE BOARD

Company, an executive Director and a controlling shareholder of the Company; and (viii) approximately 1.58% by Mr. Cheng Wai Tao, approximately 1.58% by Mr. Wong Hin Sun, Eugene and approximately 0.16% by Mr. Masanobu Sannomiya, all of whom are individual investors and independent third parties.

Shigemitsu Food

Shigemitsu Food is a company incorporated in Mainland China and is wholly owned by Eagle Sky. Mr. Katsuaki Shigemitsu and Shigemitsu Industry own 60% and 30% interest in Eagle Sky respectively. The principal business of Shigemitsu Food is producing and selling of soup base and condiments.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Katsuaki Shigemitsu, a non-executive Director, indirectly owns approximately 68.35% interest in Shigemitsu Industry. Shigemitsu Industry therefore is an associate of Mr. Katsuaki Shigemitsu for the purpose of the Listing Rules. Further, Shigemitsu Food is wholly owned by Eagle Sky in which Mr. Katsuaki Shigemitsu and Shigemitsu Industry own 60% and 30% interest respectively. Shigemitsu Industry and Shigemitsu Food are therefore connected persons of the Company under the Listing Rules.

As such, the Franchise Agreements, the Renewed Fortune Choice Sales Agreement and the CCT Supply Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the continuing connected transactions in Revised Annual Caps with Shigemitsu Industry and Shigemitsu Food are entered into by the Group with parties connected or otherwise associated with one another, they will be aggregated pursuant to Chapter 14A of the Listing Rules.

Since Mr. Katsuaki Shigemitsu have material interests in the above transactions, he has abstained from voting on the Board resolutions approving such transactions. Save as disclosed above, none of the Directors has a material interest in the above transactions or is required to abstain from voting on the Board resolutions in relation to such transactions.

As the applicable percentage ratios for the Revised Annual Sales Cap are more than 0.1% but less than 5%, the Revised Annual Sales Cap and the transactions contemplated is subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios for the Revised Annual Caps exceeds 5%, the Revised Annual Caps and the transactions contemplated under the Franchise Agreements and the CCT Supply Agreements are subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the fairness and reasonableness of the adoption of the Revised Annual Caps, after taking into account the recommendations of the Independent Financial Adviser. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECORD DATE FOR THE EXTRAORDINARY GENERAL MEETING

Reference is made to the announcement of the Company dated 11 December 2024 in relation to the record date for the Extraordinary General Meeting.

The record date for the purpose of determining the eligibility of the holders of the Company, to vote and attend the forthcoming EGM will be as of the close of business on 27 December 2024, (the “**Shares Record Date**”), all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30p.m. on 27 December 2024. All persons who are registered holders of the Shares on the Shares Record Date will be entitled to vote and attend the forthcoming EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Set out on pages 51 to 52 of this circular is the notice of Extraordinary General Meeting at which an ordinary resolutions will be proposed to Shareholders to consider and approve the Revised Annual Caps in relation to the Franchise Agreements and the CCT Supply Agreements.

For the resolutions for the Revised Annual Caps in relation to the Franchise Agreements and the CCT Supply Agreements, Mr. Katsuaki Shigemitsu has material interests, he is required to abstain from voting on the resolutions to be proposed at the Extraordinary General Meeting.

As at the Latest Practicable Date, Mr. Katsuaki Shigemitsu directly and indirectly owns 21,771,129 and 10,604,251 shares respectively of the Company, in aggregate representing 2.97% equity interest in the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, no other shareholder has a material interest in the Franchise Agreements and the CCT Supply Agreements that will be required to abstain from voting on the resolutions to be proposed at the Extraordinary General Meeting.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, there existed no discrepancy between any Shareholder’s beneficial shareholding interest in the Company and the number of

LETTER FROM THE BOARD

Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the Extraordinary Ordinary Meeting in respect of the resolution approving the Revised Annual Caps in relation to the Franchise Agreements and the CCT Supply Agreements.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 72 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll. The results of the poll will be posted on the websites of the Company at www.ajisen.com.hk and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

FORM OF PROXY

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company at www.ajisen.com.hk and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the form of proxy and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Extraordinary General Meeting (i.e. before 10:30 a.m. on 29 December 2024). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting if they so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser, considers that the adoption of the Revised Annual Caps for the Franchise Agreements and the CCT Supply Agreements and the transactions contemplated thereunder have been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the adoption of the Revised Annual Caps for the Franchise Agreements and the CCT Supply Agreements.

LETTER FROM THE BOARD

DOCUMENTS ON DISPLAY

A copy of the Franchise Agreements, the Renewed Fortune Choice Supply Agreement and the Renewed Festive Profits Supply Agreement will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (<https://www.ajisen.com.hk>) for display for a period of not less than 14 days before the date of the Extraordinary General Meeting and will be made available for inspection at the Extraordinary General Meeting.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 21 to 22 of this circular, containing its recommendation in respect of the adoption of the Revised Annual Caps; (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 23 to 45 of this circular, containing its recommendation in respect of the adoption of the Revised Annual Caps; and (iii) the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



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)

16 December 2024

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 16 December 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in its opinion, the adoption of the Revised Annual Caps under the Franchise Agreements and the CCT Supply Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of our Group and in the interests of the Company and the shareholders as a whole. Octal Capital Limited, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 6 to 20 of the Circular; (ii) the “Letter from the Independent Financial Adviser” set out on pages 23 to 45 of the Circular and (iii) the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the adoption of the Revised Annual Caps for the Franchise Agreements and the CCT Supply Agreements and the transactions contemplated thereunder are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the adoption of the Revised Annual Caps for the Franchise Agreements and the CCT Supply Agreements.

Yours faithfully,
for and on behalf of

the Independent Board Committee

Mr. Lo Peter, Mr. Jen Shek Voon and Mr. Ho Pak Chuen Brian
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Octal Capital Limited
801-805, 8th Floor
Nan Fung Tower
88 Connaught Road Central
Hong Kong

16 December 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the shareholders of the Company dated 16 December 2024 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

On 14 May 2024, the Group renewed the Fortune Choice Sales Agreement and the Fortune Choice Supply Agreement with Shigemitsu Industry both for a further three-year term ending on 13 May 2027. On the same date, the Group also renewed the Festive Profits Supply Agreement with Shigemitsu Food for a further three-year term ending on 13 May 2027.

In view of the actual business need and the expansion of the Franchise Businesses of the Group, the Board anticipates that the transactions under the Franchise Agreements and the CCT Supply Agreements will exceed the previous projections and that the Existing Annuals Caps, including (i) the proposed revised annual cap(s) under the Franchise Agreements (the “**Revised Franchise Cap(s)**”); and (ii) the proposed revised annual cap(s) under the CCT Supply Agreements (collectively, the “**Revised Supply Cap(s)**”), will not be sufficient to meet the Group’s requirements for the three years ending 31 December 2024, 2025 and 2026. Accordingly, the Board proposes to revise the Existing Annual Caps to address its anticipating business needs in view of expected material market changes. Save for the revision of the Existing Annual Caps, all terms and conditions of the Franchise Agreements and the CCT Supply Agreements shall remain unchanged.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps, are on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and will advise the Independent Shareholders on how to vote at the EGM.

OUR INDEPENDENCE

We, Octal Capital Limited, have been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or associates. We are not connected with the directors, chief executive and substantial shareholders of the Company, the Group, Shigemitsu Industry, Shigemitsu Food, Fortune Choice or any of their respective subsidiaries or associates, and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Accordingly, we consider that we are independent to act as the Independent Financial Advisor pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussions with the management of the Company regarding the Group, the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information among other things, (i) the Franchise Agreements; (ii) the CCT Supply Agreements; (iii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (iv) other information as set out in the Circular; and (v) the relevant market data and information available from public sources, to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company. We have not,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

however, conducted an independent in-depth investigation into the business and affairs of the Group and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Company is an investment holding company. The Group is a FCR chain operator selling Japanese ramen and Japanese-style dishes in Hong Kong and the PRC under the “Ajisen” brand name pursuant to the franchise granted by Shigemitsu Industry.

2. Background of Shigemitsu Industry

Shigemitsu Industry is a company incorporated in Japan. It is the owner of the trade name “味千拉麵” and related trademarks, and franchisor of the Company. Mr. Katsuaki Shigemitsu indirectly owns approximately 68.35% in Shigemitsu Industry through Shigemitsu Corporation Limited, a company incorporated in Japan which is wholly owned by Mr. Katsuaki Shigemitsu.

3. Background of Shigemitsu Food

Shigemitsu Food is a company incorporated in the PRC and is wholly owned by Eagle Sky. Mr. Katsuaki Shigemitsu and Shigemitsu Industry own 60% and 30% interest in Eagle Sky respectively. The principal business of Shigemitsu Food is producing and selling of soup base and condiments.

4. Background of Fortune Choice

Fortune Choice is an indirect wholly-owned subsidiary of the Company, the holding company of Shenzhen Factory and its principal business is investment holding and trading of noodles and other food products manufactured by the Shenzhen Factory.

5. Financial information of the Group

Review of financial performance

The principal activities of the Group are principally engaged in the operation of restaurants (the “**Operation of Restaurants Segment**”), and manufacturing and sales of noodles and related products (the “**Manufacturing and Sales of Noodles Segment**”). The table below sets out the audited financial information of the Group for the years ended 31 December 2022 and 31 December 2023

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(the “FY2022” and “FY2023”), and unaudited financial information of the Group for the six months periods ended 30 June 2023 and 30 June 2024 (the “1H2023” and “1H2024”) extracted from the 2023 Annual Report and the 2024 Interim Report.

	1H2023	1H2024	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Operation of restaurants	842,594	792,194	1,339,611	1,734,200
Manufacture and sales of noodles and related products	42,253	34,596	90,181	81,206
Total revenue	884,847	826,790	1,429,792	1,815,406
Profit/(loss) from operation	65,251	11,121	(114,084)	126,842
Net profit/(loss) for the year/ period	139,596	(4,261)	(156,368)	192,527

For 1H2024

Revenue of the Group decreased by approximately 6.7% from RMB884.8 million for 1H2023 to RMB826.8 million for 1H2024, mainly due to lower revenue contributed by the Operation of Restaurants Segment and Manufacturing of Noodles Segment. Revenue generated from the Operation of Restaurants Segment decreased by approximately 6.0% to RMB792.2 million for 1H2024 as compared to RMB842.6 million for 1H2023. The Manufacturing of Noodles Segment decreased by approximately 18.1% to RMB34.6 million for 1H2024 as compared to RMB42.3 million for 1H2023. The above decrease in revenue of the Operation of Restaurants Segment and Manufacturing of Noodles Segment were mainly due to the unsustained economic recovery post-pandemic, along with intense competition in the restaurant industry, leading to a decrease in store traffic.

The profit from operation decreased by approximately 83.0% from RMB65.3 million for 1H2023 to RMB11.1 million for 1H2024, mainly due to (i) the abovementioned decrease in revenue; and (ii) the increase in other operating expenses of approximately RMB32.0 million, partially offset by the improvement in gross profit margin from approximately 75.1% for 1H2023 to approximately 77.0% for 1H2024.

Mainly driven by the above factors and the recognition of other losses of approximately RMB61.8 million which was mainly contributed from fair value loss on investment properties and financial assets as well as impairment loss on right-of-use assets, a net loss for 1H2024 of approximately RMB4.3 million was recorded, representing a turnaround from a net profit of RMB139.6 million for 1H2023.

For FY2023

Revenue of the Group increased by approximately 27.0% from RMB1,429.8 million for FY2022 to RMB1,815.4 million for FY2023, mainly due to higher revenue contributed by the Operation of Restaurants Segment. Revenue generated from the Operation of Restaurants Segment increased by approximately 29.5% to RMB1,734.2 million for FY2023 as compared to RMB1,339.6 million for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2022, mainly due to the Group's stores no longer needed to suspend operations for pandemic control measures, coupled with the gradual decline in the impact of the COVID-19 pandemic. The Manufacturing of Noodles Segment decreased by approximately 10.0% to RMB81.2 million for FY2023 as compared to RMB90.2 million for FY2022.

The profit from operation for FY2023 amounted to approximately RMB126.8 million, whereas the loss from operation for FY2022 amounted to approximately RMB114.1 million. The turnaround from loss to profit was mainly due to (i) the abovementioned increase in revenue; (ii) the improvement in gross profit margin from approximately 73.8% for FY2022 to approximately 75.6% for FY2023; and (iii) the decrease in depreciation on property, plant and equipment and right-of-use assets of approximately RMB50.8 million, partially offset by the increase in staff costs of approximately RMB50.4 million and the increase in other operating expenses of approximately RMB77.8 million.

Mainly driven by the above factors and the recognition of other gains of approximately RMB37.2 million which was mainly contributed from fair value gain on investment properties and financial assets, a net profit for FY2023 of approximately RMB192.5 million was recorded, representing a turnaround from a net loss of RMB156.4 million for FY2022.

6. Reasons for and benefits of the Franchise Agreements and the CCT Supply Agreements

The Franchise Agreements were established in 2006 pursuant to which Shigemitsu Industry agreed to provide the Group with an exclusive and perpetual franchise to operate the Franchise Businesses in the PRC, Hong Kong and Macau. These agreements remain in effect indefinitely unless terminated by specific events outlined within them. Under the Franchise Agreements, the Group can secure a perpetual franchise for the Franchise Business in the PRC, Hong Kong and Macau. Over the years, the Group has built a strong brand presence and achieved a prominent position in the ramen catering industry in the PRC and Hong Kong. The perpetual nature of these agreements benefits both the Group and Shigemitsu Industry, reflecting their joint efforts in establishing and expanding the "Ajisen" brand across the PRC and Hong Kong. This perpetual arrangement also supports the Group's sub-franchise activities, offering flexibility in sub-franchise arrangements. As at the Latest Practicable Date, the Group has sub-franchised 30 restaurants in Mainland China, generating additional royalty income for the Group.

On the other hand, the Group and Shigemitsu Industry entered into the Fortune Choice Supply Agreement in 2006 pursuant to which Shigemitsu Industry agreed to supply materials and supplies which are required by the Group for the operation of the Franchise Businesses, including soup base, condiments and other goods. Additionally, the Group and Shigemitsu Food entered into the Festive Profits Supply Agreement in 2009 pursuant to which Shigemitsu Food agreed to supply food products, goods, materials and supplies to the Group for the operation of the Franchise Businesses. The Directors are of the view that ensuring a consistent and dependable source of soup base, condiments, and food products is crucial for sustaining seamless operations and delivering high-quality products to customers. Given the long-term supply arrangements with Shigemitsu Industry and Shigemitsu Food ("**Shigemitsu Companies**"), along with the Group's operational workflow, the Group would benefit from procuring soup base, condiments, and food products to optimise its processes and guarantee the quality of ingredients.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the brand name “Ajisen” has been established over the years; (ii) the Group needs a stable supply of soup base, condiments and food products for its daily operation; and (iii) the entering into the CCT Supply Agreements can ensure the quality of materials in order to provide high quality products to customers, we are of the view that the rationale behind the Franchise Agreements and the CCT Supply Agreements are commercially justifiable.

7. Terms of the Franchise Agreements and the CCT Supply Agreements

The principal terms of each of the Franchise Agreements and the CCT Supply Agreements are as follows:

(A) *FRANCHISE AGREEMENTS*

The Franchise Agreements were made on 19 February 2006. Pursuant to the Franchise Agreements, Shigemitsu Industry (as franchisor), agrees to grant a sole, exclusive and perpetual franchise to the Group to operate the Franchise Businesses in the PRC, Hong Kong and Macau. The Franchise Agreements are perpetual unless terminated by an occurrence of any terminating event as set out in the Franchise Agreements.

The terms of the Franchise Agreements (including the fees payable by the Group to Shigemitsu Industry thereunder) were negotiated on an arm’s length basis. The Directors believe that the perpetual term of the Franchise Agreements best serves the commercial interests of the Group and Shigemitsu Industry in their ordinary course of business dealing and is therefore a normal commercial practice. It is also important to and in the best interests of the Group and the shareholders of the Company to sign long-term franchise agreements with Shigemitsu Industry to secure the franchise rights and avoid any potential issues in entering into new agreements in the future. The franchise fees and technical fees payable by the Group to Shigemitsu Industry under the Franchise Agreements will be settled by cash on an annual basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(B) RENEWED FORTUNE CHOICE SUPPLY AGREEMENT

- Date of agreement: 14 May 2024
- Parties: (1) Fortune Choice as buyer; and
(2) Shigemitsu Industry as seller
- Term: From 14 May 2024 to 13 May 2027
- Scope of the agreement: Shigemitsu Industry to supply materials and supplies which are required by the Group for the operation of the Franchise Businesses, including soup base, condiments, flour and other goods.
- Pricing policy: The consideration of the goods (other than the specialty products which are only available through Shigemitsu Industry) would be determined by reference to:
- i) prevailing market prices of similar products offered by independent third-party suppliers; or
 - ii) prices Shigemitsu Industry offers to independent third-party customers.
- In order to ensure that the price and terms offered by Shigemitsu Industry would be on normal commercial terms or on terms no less favorable to the Group than that offered by independent third-party suppliers, the Group has adopted the following pricing procedures:
- i) prices and terms will be reviewed by the procurement department for every purchase order;
 - ii) for every purchase order, the procurement department will compare the prices and terms with at least two quotations from independent third-party suppliers or at least two invoices or quotations that Shigemitsu Industry offered to two different independent third-party customers, to ensure the offer to the Group are at arm's length and reflect normal commercial terms;
 - iii) every purchase order will be approved by a procurement manager and an Executive Director; and

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- iv) for every purchase order, the internal audit department will compare the prices and terms that offered by Shigemitsu Industry with the unit selling price and terms offered by independent third-party suppliers of the Group (for products including condiments, flour and other goods) to make sure that the prices and terms offered by Shigemitsu Industry would be no less favourable than the offer from the independent third-party suppliers.

In relation to those specialty products, which are only available through Shigemitsu Industry, such as soup base, the Group has adopted the following pricing procedures:

- i) prices and terms will be reviewed by the procurement department for every purchase order;
- ii) for every purchase order, the procurement department will compare the prices and terms with at least two sale invoices or quotations for the same products that Shigemitsu Industry offered to independent third-party customers to ensure the price and terms offered to the Group would be no less favorable than those offered to other independent third-party customers;
- iii) every purchase order will be approved by a procurement manager and an executive Director; and
- iv) for every purchase order, the internal audit department will compare the prices and terms offered by Shigemitsu Industry with the unit selling price and terms offered by Shigemitsu Industry to their independent third-party customers to make sure that the prices and terms offered by Shigemitsu Industry would be no less favorable than the offer for the independent third-party customers.

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Pursuant to a supplemental agreement dated 16 September 2006 and made between Fortune Choice and Shigemitsu Industry, the parties agree that where the goods are manufactured or supplied by Shigemitsu Industry from the PRC, Shigemitsu Industry will duly and reasonably adjust the prices of the goods in favour of the Group. Shigemitsu Industry will adjust the price to the extent that the unit price that the Group paid, including the costs of goods, costs of logistics and taxes, if any, would be less than those offered to other independent third-party customers.

Payment terms: The consideration of the goods shall be settled in full in 30-45 days after the goods have been delivered.

(C) RENEWED FESTIVE PROFITS SUPPLY AGREEMENT

Date of agreement: 14 May 2024

Parties: (1) Shigemitsu Food as seller; and
(2) Festive Profits as buyer

Term: From 14 May 2024 to 13 May 2027

Scope of the agreement: Shigemitsu Food to sell soup base which is required by the Group for the operation of the Franchise Businesses.

Pricing policy: The soup base, which is only available through Shigemitsu Food, the Group has adopted the following pricing procedures:

- i) prices and terms will be reviewed by the procurement department for every purchase order;
- ii) for every purchase order, the procurement department will compare the prices and terms with at least two sale invoices or quotations for the same products that Shigemitsu Food offered to independent third-party customers to ensure the price and terms offered to the Group would be no less favorable than those offered to other independent third-party customers;
- iii) every purchase order will be approved by a procurement manager and an executive Director; and

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- iv) for every purchase order, the internal audit department will compare the prices and terms offered by Shigemitsu Food with the unit selling price and terms offered by Shigemitsu Food to their independent third-party customers, to make sure that the price and terms offered by Shigemitsu Food would be no less favorable than the offer for the independent third-party customers.

Payment terms: The consideration of the goods shall be settled in full in 30-45 days after the goods have been delivered.

8. Review on the terms of (i) the Franchise Agreements and (ii) the CCT Supply Agreements

8.1 *The Franchise Agreements*

Under the Franchise Agreements, Shigemitsu Industry commits to granting the Group an exclusive and perpetual franchise to operate the Franchise Businesses in the PRC, Hong Kong and Macau. Additionally, Shigemitsu Industry provides the Group with the exclusive rights to sub-franchise, sell, or market any existing or newly developed products or services within these regions. These agreements remain perpetual unless terminated due to specified events outlined within them, and they undergo review every 38 years by both the Group and Shigemitsu Industry. The terms, including the fees payable by the Group to Shigemitsu Industry, were negotiated independently and are subject to potential amendments post-review with mutual consent. Pursuant to the Franchise Agreements, the monthly franchise fees per store in the PRC and Hong Kong are RMB3,500 and HK\$7,000 respectively. Additionally, a technical fee is payable to Shigemitsu Industry when the Group uses the franchisor's trademark for producing packaging condiments or noodles, currently the Group manufactures the packaging products in the PRC only and has no plan to manufacture the packaging products in Hong Kong for the year ending 31 December 2024, 2025 and 2026. The technical fee is calculated as follows:

Annual turnover of packaging condiments and noodles with franchisor's trademark	Technical fee
The portion of turnover RMB 0 – 100,000,000	1%
The portion of turnover RMB 100,000,001 – 300,000,000	0.75%
The portion of turnover RMB 300,000,000 or above	0.5%

According to the Franchise Agreements, amendment of terms requires mutual arrangement between the Group and Shigemitsu Industry. Following discussion with the management of the Group, we note that the Group has no intention to amend any terms specified in the Franchise Agreements.

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In respect of the franchise and technical fees charged to the Group under the Franchise Agreements, we note that the historical franchise and technical fees accounted for approximately 1.4%, 1.7% and 1.3% of the Group's revenue for the three years ended 31 December 2021, 2022 and 2023 respectively. Furthermore, the technical fees charged to the Group under the PRC Franchise Agreement amounted to approximately RMB0.5 million, RMB0.6 million and RMB0.4 million for the years ended 31 December 2021, 2022 and 2023 respectively. Following discussions with the Group's management, we note that the Group's primary focus lies in the Operation of Restaurants Segment rather than the Manufacturing and Sales of Noodles Segment, whereas the technical services offered by Shigemitsu Industry as a supplementary service under the Franchise Agreements. For our assessment on the franchise and technical fees under the Franchise Agreements, we intend to aggregate them for a more thorough analysis.

In order to assess whether the franchise and technical fees charged to the Group under the Franchise Agreements are on normal commercial terms and fair and reasonable, we have, to our best endeavor, (i) performed desktop research (including research on announcements, circulars and prospectuses published on the website of the Stock Exchange); and (ii) identified relevant franchising arrangements of companies listed on the Stock Exchange which are principally engaged in food and beverage business with their disclosure of relevant franchising arrangements containing sufficient information for our analysis over the past five years from 1 January 2019 to the Latest Practicable Date. We consider the period of selecting the comparable transactions to be a reasonable period as those transactions have been entered into in the past five years which can provide an overview of general market practice in relation to the franchising arrangements and provide sufficient sample size for our assessment.

To the best of our knowledge and as far as we are aware of, based on the above selection criteria, five comparable transactions (the “**Comparable Transactions**”) are identified which represent an exhaustive list of transactions satisfying above selection criteria and the details of which are listed below:

Date of announcement/prospectus	Company name (stock code)	Brand(s)	One-off fee	Franchise, royalty, license and/or technical fees to revenue	Duration of franchise agreement
2019/12/30	Jiumaojiu International Holdings Limited (9922)	Double Eggs	Franchise fee: RMB30,000 or RMB50,000 per restaurant; Design service fee: RMB5,000 or RMB6,000 per restaurant	5%	10 years, the franchisee can apply for renewal upon franchisor's approval

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Date of announcement/prospectus	Company name (stock code)	Brand(s)	One-off fee	Franchise, royalty, license and/or technical fees to revenue	Duration of franchise agreement
2020/9/1	Yum China Holdings, Inc. (9987)	KFC, Pizza Hut and Taco Bell	Nil	3%	50 years with automatic renewals for additional consecutive renewal terms of 50 years
2022/12/23	DPC Dash Ltd (1405)	Domino's Pizza	Master franchise fee; Store franchise fee: US\$10,000 per store	3%	10 years, the franchisee has an option to renew for an additional two 10-year periods
2023/11/13	Tam Jai International Co. Limited (2217)	Toridoll Japan	Commitment fee: US\$100,000; Unit development fee: US\$20,000	3%	3 years, renewal subject to the parties' mutual agreement in writing
2023/12/22	Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (520)	Tea Mi Tea	Nil	5%	3 years

The companies listed above have entered into franchise agreements with their franchisor(s)/ franchisee(s) regarding the operation of food and beverage businesses under the franchisors' brand name(s). From the table above, we note that out of the five Comparable Transactions, three Comparable Transactions require a one-off fee from the franchisors for restaurant opening. For the ongoing fee, the percentage of relevant franchise, royalty, license and/or technical fees to revenue of the above Comparable Transactions range from approximately 3% to 5%, with an average percentage of approximately 3.8%. Upon comparison, (i) there is no one-off fee requirement under the Franchise Agreements, in contrast to three of the Comparable Transactions; (ii) on a basis that the franchise and technical fees for the years ending on 31 December 2024, 2025 and 2026 are expected to remain within a range representing approximately 1.3% to 1.7% of the Group's revenue during those respective years, the average percentage of ongoing franchise fees of the above Comparable Transactions is higher than that of the Group; and (iii) the Group will pay the franchise fee annually under the Franchise Agreements, which is no less favourable than the Comparable Transactions that charged on a monthly basis.

Moreover, we understand that the Group has sub-franchised the right to develop and operate Ajisen restaurants to independent third parties. Based on our review on the terms of the sub-franchise agreement entered into between the Group and independent third parties, we note that the sub-franchise fee rates charged by the Group to the independent third parties are higher than the franchise and technical fees charged to the Group under the Franchise Agreements.

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Regarding the duration of the franchise agreements, it is notable that three out of five Comparable Transactions have a duration of 10 years or longer, whereas one of the Comparable Transactions has a term of 50 years. These three Comparable Transactions were based on their pre-existing agreements which had been entered into before the initial public offering of their subject company listed on the Stock Exchange. In contrast, the other two Comparable Transactions have a duration of three years, one of which incorporated a renewal clause. These two Comparable Transactions were entered into after the new listing of their subject company. Although the duration of the Franchise Agreements is perpetual, modifications to the terms are subject to mutual agreement between the Group and Shigemitsu Industry. Furthermore, the Group retains the option to review the potential renewal of the Franchise Agreements before their expiry. Having considered that (i) the Franchise Agreements similar to those Comparable Transactions with 10 years term or above were pre-existing agreements entered into before the initial public offering of the Company; and (ii) the long duration of the Franchise Agreements could secure the Group's operation of the Franchise Businesses under the brand name "Ajisen", considering that revenue from these businesses contributed more than 85% of the Group's total annual revenue over the last three fiscal years. Therefore, we consider that the duration of the Franchise Agreements is justifiable.

Based on the above, we consider that the franchise fee and payment term under the Franchise Agreements are on normal commercial terms and fair and reasonable.

8.2 *The CCT Supply Agreements*

In order to ensure that the price and terms offered by Shigemitsu Companies would be on normal commercial terms or on terms no less favorable to the Group than that offered by independent third-party suppliers, the Group has adopted the following pricing procedures:

- (i) prices and terms will be reviewed by the procurement department for every purchase order;
- (ii) for every purchase order, the procurement department will compare the prices and terms with at least two quotations from independent third-party suppliers or at least two invoices or quotations that Shigemitsu Companies offered to two different independent third-party customers, to ensure the offer to the Group are at arm's length and reflect normal commercial terms. For those specialty products, which are only available through Shigemitsu Companies, such as soup base, the procurement department will compare the prices and terms with at least two sale invoices or quotations for the same products that Shigemitsu Companies offered to independent third-party customers to ensure the price and terms offered to the Group would be no less favorable than those offered to other independent third-party customers;
- (iii) every purchase order will be approved by a procurement manager and an executive Director; and

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- (iv) for every purchase order, the internal audit department will compare the prices and terms offered by Shigemitsu Companies with the unit selling price and terms offered by independent third-party suppliers of the Group (for products including condiments, flour and other goods) or with the unit selling price and terms offered by Shigemitsu Companies to their independent third-party customers (for specialty products, including soup base) to make sure that the prices and terms offered by Shigemitsu Companies would be no less favorable than the offer from the independent third-party suppliers of the Group or the offer from Shigemitsu Companies to their independent third-party customers.

Pursuant to a supplemental agreement dated 16 September 2006 and made between Fortune Choice and Shigemitsu Industry, the parties agree that where the goods are manufactured or supplied by Shigemitsu Industry from the PRC, Shigemitsu Industry will duly and reasonably adjust the prices of the goods in favour of the Group. Shigemitsu Industry will adjust the price to the extent that the unit price that the Group paid, including the costs of goods, costs of logistics and taxes, if any, would be less than those offered to other independent third-party customers.

We have discussed with the management of the Company regarding the cost structure of the Group and understand that soup base constitutes a significant portion of the raw materials purchased from Shigemitsu Companies. According to the financial data provided by the Group, the purchases of soup base from Shigemitsu Companies represented approximately 94.3%, 94.7% and 95.9% of the total amount of raw materials purchased from Shigemitsu Companies for the years ended 31 December 2022 and 2023 and for the nine months ended 30 September 2024 respectively. Such essential ingredients are purchased from Shigemitsu Food under the Festive Profits Supply Agreement for Ajisen restaurants in the PRC and from Shigemitsu Industry under the Fortune Choice Supply Agreement for Ajisen restaurants in Hong Kong. For maintaining stringent food quality standards, the Group maintains exclusivity in sourcing its soup base solely from Shigemitsu Companies. This strategic sourcing approach ensures consistently high-quality dining experience for the Group's customers.

In order to assess the fairness and reasonableness of the price determination mechanism of the soup base, we have discussed with the management of the Company and understand that the price of the soup base shall be mainly determined on arm's length basis with reference to historical prices and prevailing market prices of similar products and would be no less favourable than those offered by Shigemitsu Industry to other independent purchasers of the supplied goods. As the soup base is uniquely produced by Shigemitsu Industry according to its proprietary recipes and unavailable from other suppliers of the Group, we consider that it is justifiable to compare the price of soup base offered to the Group with the price offered to Shigemitsu Industry's other independent customers.

We have obtained a list of purchase orders from the Group. It was observed that the soup base was the major product purchased from Shigemitsu Companies by the Group for the two years ended 31 December 2023 and the nine months ended 30 September 2024 (the "**Review Period**"). Therefore, we have selected on a random basis, obtained and reviewed (i) three supply contracts in relation to purchase of soup base entered into between the Group and

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Shigemitsu Food for each of the year/period during the Review Period; (ii) three supply contracts in relation to purchase of soup base entered into between the Group and Shigemitsu Industry for each of the year/period during the Review Period; (iii) two supply contracts in relation to purchase of soup base entered into between Shigemitsu Companies (i.e. Shigemitsu Industry and Shigemitsu Food) and their other customers for each of the year/period during the Review Period respectively (i.e. twelve supply contracts in total) (the “**Shigemitsu Customers’ Contracts**”).

Upon our review of the aforementioned supply contracts, we observed that the unit purchase price of the soup base under the Festive Profits Supply Agreement for PRC Ajisen restaurants were similar to those under the under the Fortune Choice Supply Agreement for Hong Kong Ajisen restaurants, considering all relevant costs such as tax and logistics expenses. Furthermore, the unit price of the soup base under the CCT Supply Agreements was lower than the unit price in the Shigemitsu Customers’ Contracts.

Furthermore, in the Shigemitsu Customers’ Contracts, purchasers are required to make upfront payments for every order, unlike the payment terms in the Festive Profits Supply Agreement and Fortune Choice Supply Agreement, which specify payment within 30-45 days after the goods have been delivered. The payment terms of the Festive Profits Supply Agreement and Fortune Choice Supply Agreement, allowing for payment within 30-45 days post-delivery, represent a more favourable arrangement for the purchaser compared to the terms in the Shigemitsu Customers’ Contracts.

In relation to pricing policies and internal control procedures, after discussions with the Group’s management, they confirmed that the Group has consistently adhered to its pricing policies and internal control procedures to its historical transactions and has also affirmed its commitment to maintaining this strict adherence for future transactions. To review the Group’s compliance with the policies and procedures, we requested documentation from the Company concerning the Group’s review of unit purchase prices. We have obtained and reviewed the review documents indicating the Group’s assessment of unit purchase prices negotiated with Shigemitsu Companies during the Review Period. The review documents were prepared by the procurement department, endorsed at the management level of the procurement department, and approved by an Executive Director. Additionally, we noted that the review documents have been reviewed and confirmed by the internal audit department, which assessed the unit purchase prices of products purchased from the Group’s connected person, including Shigemitsu Companies, ensuring that the unit purchase price offered to the Group would be no less favorable to the Group than that offered by independent third-party suppliers (for products including condiments, flour and other goods) or that offered by Shigemitsu Companies to their other independent purchasers (for specialty products, including soup base).

Overall, based on our above assessments, we consider that (i) the terms of the Renewed Festive Profits Supply Agreement and Renewed Fortune Choice Supply Agreement are on normal commercial terms and fair and reasonable; and (ii) the Group has consistently adhered to its pricing policies and internal control procedures in the past, and with effective controls in place, we are of the view that the Group will continue to follow these standards in the future.

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9. Assessment of the Revised Annual Caps

Review of historical figures

Set out below are the historical annual caps and actual transaction amounts of the transactions under the Franchise Agreements and the CCT Supply Agreements for the years/period indicated:

	For the year ended 31 December			For the nine months ended
	2021	2022	2023	30 September
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Franchise Agreements				
Existing annual caps	27,900,000	27,900,000	27,900,000	23,550,000
Actual transaction amounts	27,085,000	24,623,000	22,779,000	16,557,000
Utilisation rate	97.1%	88.3%	81.6%	70.3%
CCT Supply Agreements:				
Fortune Choice Supply Agreement				
Existing annual caps	2,100,000	2,100,000	2,100,000	1,909,000
Actual transaction amounts	2,019,378	1,425,413	1,846,865	1,151,089
Utilisation rate	96.2%	67.9%	87.9%	60.3%
Festive Profits Supply Agreement				
Existing annual caps	29,900,000	29,900,000	29,900,000	26,591,000
Actual transaction amounts	29,703,622	18,725,587	27,461,135	23,132,869
Utilisation rate	99.3%	62.6%	91.8%	87.0%

As shown in the table above:

- (1) the actual transaction amounts of the transactions under the Franchise Agreements were approximately RMB27.1 million, RMB24.6 million, RMB22.8 million and RMB16.6 million for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 respectively. These figures correspond to approximately 97.1%, 88.3%, 81.6%, and 70.3% of the respective annual caps set for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 respectively. It is noticeable that the annual cap in 2021 was nearly fully utilised and the actual transaction amounts for the nine months ended 30 September 2024 nearly reached the pro-rata existing annual cap of 2024;
- (2) the actual transaction amounts of the transactions under the Fortune Choice Supply Agreement were approximately RMB2.0 million, RMB1.4 million, RMB1.8 million and RMB1.2 million for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 respectively. These figures correspond to approximately 96.2%, 67.9%, 87.9% and 60.3% of the respective annual caps set for the years ended 31 December 2021, 2022 and

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2023 and the nine months ended 30 September 2024 respectively. It is noticeable that the annual cap in 2021 was almost fully utilised and the utilisation rate of the annual cap for the nine months ended 30 September 2024 would exceed 80% based on a pro rata basis; and

- (3) the actual transaction amounts of the transactions under the Festive Profits Supply Agreement were approximately RMB29.7 million, RMB18.7 million, RMB27.5 million and RMB23.1 million for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 respectively. These figures correspond to approximately 99.3%, 62.6%, 91.8% and 87.0% of the respective annual caps set for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 respectively. It is noticeable that the annual cap in 2021 and 2023 were almost fully utilised and the actual transaction amounts for the nine months ended 30 September 2024 exceeded the pro-rata existing annual cap of 2024.

Assessment of the Revised Annual Caps

The following table sets out the Existing Annual Caps and the Revised Annual Caps under the Franchise Agreements and the CCT Supply Agreements:

	Annual caps for the financial year ending 31 December (RMB)					
	2024		2025		2026	
	Existing	Revised	Existing	Revised	Existing	Revised
1. Franchise Agreements						
(a) HK Franchise Agreement						
- franchise fee	500,000	500,000	500,000	770,000	500,000	995,000
(b) Mainland China Franchise Agreement						
- franchise fee	22,550,000	24,060,000	22,350,000	26,800,000	22,350,000	30,160,000
- technical fee	500,000	500,000	700,000	700,000	700,000	700,000
Subtotal	23,550,000	25,060,000	23,550,000	28,270,000	23,550,000	31,855,000
2. CCT Supply Agreements						
(a) Renewed Fortune Choice Supply Agreement	1,909,000	1,909,000	1,909,000	2,405,000	1,909,000	2,947,000
(b) Renewed Festive Profits Supply Agreement	26,591,000	33,754,000	26,591,000	37,828,000	26,591,000	42,483,000
Subtotal	28,500,000	35,663,000	28,500,000	40,233,000	28,500,000	45,430,000

9.1 Franchise Agreements

The Directors have proposed the Revised Franchise Caps to be approximately RMB25.1 million, RMB28.3 million and RMB31.9 million for the years ending 31 December 2024, 2025 and 2026 respectively. In assessing the reasonableness of the Revised Franchise Caps, we have discussed with the management of the Company the basis and assumptions underlying the projections. In determining the Revised Franchise Caps for the years ending 31 December 2024, 2025 and 2026, the Directors have taken into account, among other things, (i) the franchise fees per store and technical fees as per the Franchise Agreements; (ii) the expected

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growth in the number of stores in the PRC and Hong Kong for the years ending 31 December 2024, 2025 and 2026; and (iii) the steady production of packaging condiments or noodles in the PRC for the years ending 31 December 2024, 2025 and 2026.

To evaluate the fairness and reasonableness of the Revised Franchise Caps, we have examined the following factors:

(i) *Franchise fees per store and technical fees*

Pursuant to the Franchise Agreements, the Group would secure a perpetual franchise for the Franchise Business which is subject to a review of the business arrangements in every 38 years and the monthly franchise fees per store in the PRC and Hong Kong are fixed at RMB3,500 and HK\$7,000 respectively. Besides, technical fees of 0.5% to 1% of related turnover are payable to Shigemitsu Industry when the Group uses the franchisor's trademark to produce condiments or noodles. Assuming no modifications to the terms of the Franchise Agreements during the three years ending 31 December 2024, 2025 and 2026, the monthly franchise fees per store in the PRC and Hong Kong and the basis of technical fees will continue to remain the same.

(ii) *Estimated growth of Ajisen restaurants in the PRC and Hong Kong*

The table below illustrates the actual number of Ajisen restaurants operated by the Group under the Franchise Agreements in 2023 and the projected number of Ajisen restaurants operated by the Group under the Franchise Agreements from 2024 to 2026.

	For the year ended 31 December 2023	For the year ending 31 December		
		2024	2025	2026
The PRC	531	580	650	730
Hong Kong	4	7	10	13
Total	535	587	660	743

For the year ended 31 December 2023, the Group was operating a total of 535 Ajisen restaurants, representing a decrease of 35 restaurants from 570 Ajisen restaurants in 2022. This reduction was mainly a strategic move by the Group to close underperforming stores and enhance overall profitability. According to the management of the Company, when comparing to the existing annual caps under the Franchise Agreements set in May 2024, there are more restaurant closures in the PRC currently. The management perceives this as a signal of potentially enhanced opportunities despite the apparent downturn in the market. In the past, prime locations had high rental costs. However, with various restaurants closing down, the Group can now secure better locations at more affordable prices. Based on the Group's expansion plan, the Group plans to increase the number of Ajisen restaurants in the PRC to 580, 650, and 730 and in Hong Kong to 7, 10, and 13 for the years ending 31

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December 2024, 2025 and 2026 respectively. The forecast has been prepared after taking into account factors mainly including the rebound in the PRC and Hong Kong economy and the available financial resources allocated for business expansion.

Recently, the Central Bank of the PRC implemented a comprehensive stimulus policy package to boost the economy and achieve its growth objectives. This initiative encompasses interest rate reductions, reserve requirement cuts, and increased support for the real estate sector. The package focuses on enhancing liquidity, reducing borrowing expenses, and easing mortgage repayment burdens, with a primary emphasis on revitalising the real estate market, expanding domestic demand, and fostering confidence to facilitate sustained economic resurgence. The anticipated resurgence of the PRC economy is poised to have a positive impact on both the stock market and real estate sector. Given Hong Kong's economy closely ties with the PRC's economy, it is expected to derive benefits from this recovery. Furthermore, with the prospect of interest rate decreases, the anticipated depreciation of Hong Kong's currency is likely to attract foreign visitors. In light of these circumstances, the Group has taken proactive steps by initiating its expansion in Hong Kong, opening three new Ajisen restaurants in the second quarter of 2024.

Additionally, as indicated in the Company's 2024 interim report, the Group's cash inflow from operations in the first half of 2024 was approximately RMB191.8 million, with a cash and cash equivalents balance of approximately RMB1.7 billion as at 30 June 2024. Considering the factors assessed by the Group's management for store estimates, the impact of the stimulus policy package and the liquidity measure to enhance domestic demand and the Group's financial strength in generating positive operating cash flows and maintaining a healthy cash position, we concur with the Directors the forecasted restaurant expansion over the periods ending 31 December 2026 is justifiable.

(iii) *Steady production of packaging condiments or noodles in the PRC*

In respect of the technical fees, the technical fees payable to Shigemitsu Industry ranged from approximately RMB0.4 million to RMB0.6 million for the three years ended 31 December 2023. The annual caps for technical fees are maintained at RMB0.5 million, RMB0.7 million and RMB0.7 million for the years ending 31 December 2024, 2025 and 2026 respectively, allowing for a cushion against potential unexpected market fluctuation. Having considered the range of historical transaction amounts, we consider that the buffer is justifiable. Moreover, as discussed with the management of the Group, the Group anticipates that the production level of the Group's packaging condiments or noodles in the PRC will be steady for the years ending 31 December 2024, 2025 and 2026. Therefore, the annual caps for the technical fees for the years ending on 31 December 2024, 2025 and 2026 remained unchanged.

Based on the above, we consider the basis and factors that the Directors have taken into account in determining the Revised Franchise Caps are justifiable.

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9.2 CCT Supply Agreements

The Revised Supply Caps (i.e. revised anticipated maximum annual value of the transactions contemplated the Renewed Fortune Choice Supply Agreement (the “**Revised Fortune Choice Caps**”) and the Renewed Festive Profits Supply Agreement (the “**Revised Festive Profits Caps**”) for the three years ending 31 December 2024, 2025 and 2026) amount to approximately RMB35.7 million, RMB40.2 million and RMB45.4 million for the years ending 31 December 2024, 2025 and 2026 respectively, which were determined by the Directors, considering various factors including: (i) the historical average material purchase from Shigemitsu Food per Ajisen restaurants in the PRC under the Renewed Festive Profits Supply Agreement; (ii) the historical average material purchase from Shigemitsu Industry per Ajisen restaurants in Hong Kong under the Renewed Fortune Choice Supply Agreement; and (iii) the estimated growth of Ajisen restaurants in the PRC and Hong Kong.

To evaluate the fairness and reasonableness of the Revised Supply Caps, we obtained from the Company the breakdown of the Revised Supply Caps. We understand that the Revised Supply Caps for the years ending 31 December 2024, 2025 and 2026 were calculated by multiplying the expected average material purchase per Ajisen restaurant by the expected number of Ajisen restaurants during the years ending 31 December 2024, 2025 and 2026 respectively.

(i) *the historical average material purchase from Shigemitsu Food per Ajisen restaurants in the PRC under the Renewed Festive Profits Supply Agreement*

Regarding the average material purchases from Shigemitsu Food per Ajisen restaurant in the PRC, we observed that: (i) the estimated material purchases from these suppliers per Ajisen restaurant in the PRC for the year ending 31 December 2024 were primarily derived from the actual transaction amounts for the nine months ended 30 September 2024; and (ii) the estimated material purchases from Shigemitsu Food per Ajisen restaurant in the PRC for the two years ending 31 December 2026 remained consistent with those of 2024.

Based on our discussion with the management of the Company, we understand that the demand for products from Shigemitsu Food surpassed their original projections. The Company had set the existing annual caps in May 2024. With reference to the Company’s announcement dated 14 May 2024, the annual caps for the Fortune Choice Supply Agreement and the Festive Profits Supply Agreement for the period from 2024 to 2026 were RMB28.5 million, indicating a reduction of RMB3.5 million compared to the annual caps of 2023. As detailed in the section headed “9. Assessment of the Revised Annual Caps – (i) Review of historical data” in this letter, the actual transaction amount under the Festive Profits Supply Agreement for the nine months ended 30 September 2024 had already exceeded its pro-rata existing annual cap for 2024. Therefore, we concur with the Directors that deriving the estimated material purchase from Shigemitsu Food per Ajisen restaurant in the PRC for the year ending 31 December 2024, based on the actual transaction amount for the nine months ended 30 September 2024 is justifiable. Regarding the estimated material purchases from Shigemitsu Food per Ajisen restaurant in the PRC for the years ending 31 December

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2025 and 2026, we concur with the management of the Company that maintaining the projection for material purchases from Shigemitsu Food per Ajisen restaurant in the PRC consistent with the revised annual cap of 2024 is justifiable, having considered that the products sourced from Shigemitsu Food are produced in the PRC which is currently experiencing slow inflation growth, as per a Bloomberg article¹ dated 9 November 2024, the pricing index growth of the PRC remains at zero due to ongoing deflation.

(ii) *the historical average material purchase from Shigemitsu Industry per Ajisen restaurants in Hong Kong under the Renewed Fortune Choice Supply Agreement*

Regarding the average material purchases from Shigemitsu Industry per Ajisen restaurant in Hong Kong, we observed that: (i) the estimated material purchases from these suppliers per Ajisen restaurant in Hong Kong for the year ending 31 December 2024 were primarily derived from the actual transaction amounts for the nine months ended 30 September 2024; and (ii) the estimated material purchases from Shigemitsu Industry per Ajisen restaurant in Hong Kong for the two years ending 31 December 2026 were projected with an annual growth of 5% based on the revised annual cap of 2024.

As detailed in the section headed “9. Assessment of the Revised Annual Caps - (i) Review of historical data” in this letter, the utilisation rate of the annual cap under the Fortune Choice Supply Agreement for the nine months ended 30 September 2024 would exceed 80% based on a pro rata basis. Therefore, we concur with the Directors that deriving the estimated material purchase from Shigemitsu Industry per Ajisen restaurant in Hong Kong for the year ending 31 December 2024 based on the actual transaction amount for the nine months ended 30 September 2024 is justifiable. Regarding the estimated material purchases from Shigemitsu Industry per Ajisen restaurant in Hong Kong, the Directors are of the view that the products sourced from Shigemitsu Industry are produced in Japan where the historical food inflation rate is approximately 5%, which is consistent with our research, the historical average monthly food price index of Japan from 2023 October to 2024 September was approximately 4.98% according to Trading Economics².

(iii) *the estimated growth of Ajisen restaurants in the PRC and Hong Kong*

As detailed in the paragraph headed “9.1 Franchise Agreements – (ii) Estimated growth of Ajisen restaurants in the PRC and Hong Kong” of this letter, the total projected number of Ajisen restaurants in the PRC for the three years ending 31 December 2026 are 580, 650 and 730 respectively, whereas the total projected number of Ajisen restaurants in Hong Kong for the three years ending 31 December 2026 are 7, 10 and 13 respectively.

¹ <https://www.bloomberg.com/news/articles/2024-11-09/china-price-growth-stays-near-zero-as-deflation-pressure-lingers?embedded-checkout=true&leadSource=verify%20wall>

² <https://tradingeconomics.com/japan/food-inflation>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above analysis, notably the calculation of average material purchases per Ajisen restaurant based on actual transaction amounts and historical inflation rates, alongside the projected number of Ajisen restaurants in the PRC and Hong Kong as per the Company's three-year growth strategy, we find the factors considered by the Directors in determining these Revised Supply Caps (including the Revised Fortune Choice Caps and the Revised Festive Profits Caps) to be justifiable.

10. Internal Control Measures

Taking into account the measures taken/to be taken by the Group in relation to the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, in particular (i) for every purchase order under the CCT Supply Agreements, the procurement department of the Group is responsible for ascertaining the prices and terms offered by third parties, generally by way of obtaining invoices or quotations from other independent third parties to determine the market price of similar goods and services under the CCT Supply Agreements. In relation to those specialty products which are only available through Shigemitsu Industry and Shigemitsu Food, the procurement department will regularly obtain quotations or invoices that Shigemitsu Industry and Shigemitsu Food offered to independent parties, to make sure that the offer obtained by the Group is no less favourable; (ii) the audit committee of the Company will review the transactions under the Franchise Agreements and the CCT Supply Agreements annually; (iii) the Group will review the transaction amount of each continuing connected transaction monthly, to assess the potential of exceeding the annual caps; and (iv) the auditor of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions under the Franchise Agreements and the CCT Supply Agreements.

Having considered (i) the above pricing comparison mechanism could ensure that the price of those materials offered by Shigemitsu Companies to the Group would be no less favourable than those quotations obtained from independent third parties as well as those offered by Shigemitsu Companies to their other customers; (ii) the regular reviews on the continuing connected transactions of the Group under the Franchise Agreements and the CCT Supply Agreements by the audit committee and auditor of the Company; and (iii) the review mechanism of the Group to regularly monitor the utilisation of the annual caps to prevent any breaches, we consider that the Company has taken appropriate and adequate measures to govern the Group in carrying out the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements.

RECOMMENDATION

Having considered the above principal factors and reasons, we concur with the Directors' view that (i) the Franchise Agreements and the CCT Supply Agreements are carried out in the ordinary and usual course of business of the Group; (ii) the terms of CCT Supply Agreements and the Franchise Agreements are on normal commercial terms, and are fair and reasonable; (iii) the Franchise Agreements and the CCT Supply Agreements are in the interests of the Company and the Shareholders as a whole; and (iv) the basis of determining the Revised Annual Caps is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the terms of the continuing connected transactions contemplated under each of the Franchise Agreements and the CCT Supply Agreements, as well as the Revised Annual Caps.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Wong Wai Leung

Managing Director

Executive Director

Note:

Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible officer of Type 9 (asset management) regulated activities. Mr. Wong has accumulated experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

Interests and short positions in the shares of the Company

Name of director	Capacity/Nature of interests	Number of shares (Note 1)	Approximate% of shareholding
Ms. Poon Wai	Founder of a discretionary trust (Note 2)	480,123,041 (L)	43.99%
	Beneficial owner	38,848,347 (L)	3.56%
Mr. Poon Ka Man, Jason	Beneficial owner	2,500,000 (L)	0.23%
Ms. Ng Minna	Beneficial owner	2,788,000 (L)	0.26%
Mr. Katsuaki Shigemitsu	Beneficial owner	21,771,129 (L)	2.00%
	Interest of controlled corporation (Note 3)	10,604,251 (L)	0.97%
Mr. Jen Shek Voon	Beneficial owner	95,000 (L)	0.01%

Notes:

- The letter "L" denotes the Director's long position in such shares.
- The 480,123,041 shares were held by Favor Choice Group Limited ("Favor Choice"), which is an investment holding company wholly owned by Anmi Holding Company Limited ("Anmi Holding"). Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO.
- The 10,604,251 shares were held by Shigemitsu Industry Co. Ltd., Mr. Katsuaki Shigemitsu, a non executive director, indirectly owns approximately 68.35% in Shigemitsu Industry through Shigemitsu Corporation Limited, a company incorporated in Japan which is wholly owned by Mr. Katsuaki Shigemitsu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company's shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors and chief executive(s) of the Company, the interests or short positions of the Shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director or chief executive(s) of the Company) in the Shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares (Note 1)	Approximate % of shareholding
Favor Choice (Note 2)	Beneficial owner	480,123,041 (L)	43.99%
Anmi Holding (Note 2)	Interest of controlled corporation	480,123,041 (L)	43.99%
HSBC International Trustee Limited (Note 2)	Trustee	480,123,041 (L)	43.99%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in such shares.
2. The 480,123,041 shares were held by Favor Choice, which is an investment holding company wholly owned by Anmi Holding. Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO, and HSBC International Trustee Limited (in its capacity as the trustee of Anmi Trust) is the legal owner of the entire issued share capital of Anmi Holding.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than Directors or chief executive(s) of the Company) had any interests or short positions in any Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short

positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL ADVERSE CHANGE

As disclosed in the interim results announcement of the Company for the six months ended 30 June 2024 published on 26 August 2024, the Group recorded a net loss of approximately HK\$4.3 million for the six months ended 30 June 2024 as compared to a net profit of approximately HK\$139.6 million for the corresponding period in 2023, the Company turnaround from a net profit for the six months ended 30 June 2023 to a net loss for the six months ended 30 June 2024 was mainly driven by the recognition of other losses of approximately RMB61.8 million which was mainly contributed from fair value loss on investment properties and financial assets as well as impairment loss on right-of-use assets. Save as disclosed above, the Directors confirm that there has not been any material adverse changes in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice referred to in this circular:

Name	Qualification
Octal Capital Limited	a corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice dated 16 December 2024 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and references to its name and/or its advice in the form and context in which they appeared.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The letter and recommendations from the Independent Financial Adviser are set out on pages 23 to 45 of this circular and are given for incorporation in this circular.

9. GENERAL

The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange (www.hkexnews.com) and the website of the Company (<https://www.ajisen.com.hk>) for a period of 14 days from the date of this circular:

- (a) the Franchise Agreements;
- (b) the Renewed Festive Profits Supply Agreement;
- (c) the Renewed Fortune Choice Supply Agreement;

- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 23 to 45 of this circular;
- (e) the written consent of the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Ajisen (China) Holdings Limited (the “**Company**”) will be held at 6/F, Block B, Ajisen Group Tower, 24-26 Sze Shan Street, Yau Tong, Kowloon, Hong Kong on 31 December 2024 at 10:30 a.m., for the following purposes:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (i) the Revised Annual Caps (as defined in the circular of the Company dated 16 December 2024) for the Franchise Agreements and the CCT Supply Agreements (as defined in the circular of the Company dated 16 December 2024) for the years ending 31 December 2024, 2025 and 2026, and the transactions contemplated thereunder by and are hereby approved; and
- (ii) any one Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary and expedient to implement and/or give effect to the Revised Annual Caps for the Franchise Agreements and the CCT Supply Agreements.

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

Hong Kong, 16 December 2024

Registered office:
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:
6th Floor, Ajisen Group Tower
Block B, 24-26 Sze Shan Street
Yau Tong, Kowloon
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the persons so present whose name stands first on the register of shareholders in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 10:30 a.m. on 29 December 2024) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
4. The record date for the purpose of determining the eligibility of the holders of the Company, to vote and attend the forthcoming EGM will be as of the close of business on 27 December 2024, (the "**Shares Record Date**"), all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712- 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 December 2024. All persons who are registered holders of the Shares on the Shares Record Date will be entitled to vote and attend the forthcoming EGM.
5. No gifts, food or beverages will be provided to attendees at the meeting.