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**ACQUISITION OF 40% REMAINING SHAREHOLDING INTERESTS IN A SUBSIDIARY, TUNG LOK XIHE RESTAURANT PTE. LTD.**

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**1. Introduction**

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Tung Lok Restaurants (2000) Ltd (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Tung Lok Millennium Pte Ltd (“**TLM**”), had entered into a Share Transfer Agreement (“**Agreement**”) today for the acquisition of 40% shareholding interests (the “**Acquisition**”) in Tung Lok Xihe Restaurant Pte. Ltd. (“**TLXH**”) which comprise of 80,000 issued and paid-up ordinary shares (“**Shares**”).
- 1.2 Prior to the acquisition of the Shares, TLXH is a 60%-owned subsidiary of TLM. Following the completion of the Acquisition, TLM’s shareholdings in TLXH will increase from 60% to 100% and TLXH will become a wholly-owned subsidiary of TLM.
- 1.3 The seller of the Shares is Beijing Xihe Food & Beverage Co., Ltd (“**BJXH**” or the “**Vendor**”), a non-related entity, who holds 40% interests in TLXH prior to the completion of the Acquisition.
- 1.4 This announcement is made pursuant to Rule 1010 of the Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited.

**2. Information on TLXH and the Vendor**

- 2.1 TLXH was incorporated in Singapore and currently operates two (2) restaurant outlets in Singapore. TLM had incorporated and invested 60% shareholding interests in TLXH in February 2012.
- 2.2 The issued and paid-up capital of TLXH as at the date of this announcement is S\$200,000. As at 31 March 2021, the net tangible asset value of TLXH was S\$697,975 and the net asset attributable to the Shares was S\$279,190.
- 2.3 TLXH’s audited net profit after tax for the financial year ended 31 March 2021 (“**FY2021**”) was S\$457,728. Net profit for FY2021 attributable to the Shares being acquired amounted to S\$183,091.
- 2.4 The Vendor has been the Group’s strategic partner for the past 9 years, holding the remaining 40% shareholding interests in TLXH. The Vendor is an independent third party unrelated to any of the directors and controlling shareholders (as defined in the Catalist Rules) of the Company.

**3. Consideration**

- 3.1 Under the Agreement, the Vendor has agreed to sell, and TLM has agreed to purchase the Shares for a consideration of S\$1 (“**Consideration**”) to be settled by cash. The Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account, *inter alia*, the net asset value of the Shares as well as the current difficult operating conditions amid the prolonging COVID-19 pandemic.
- 3.2 The rationale for the Acquisition is described in paragraph 7 of this announcement.
- 3.3 The Acquisition of the Shares has been completed today.

#### 4. Financial Effects of the Acquisition

##### 4.1 Assumptions

The financial effects of the Acquisition on the Group as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following the completion of the Acquisition.

The financial effects of the Acquisition on (i) the consolidated net tangible assets (“**NTA**”) per ordinary share of the Company (“**TLShare**”); and (ii) the consolidated earnings per TLShare (“**EPS**”) were prepared based on the latest audited consolidated financial statements for FY2021 and subject to the following assumptions:

- (a) the financial effects of the Acquisition on the consolidated NTA per TLShare were computed assuming that the Acquisition was completed on 31 March 2021;
- (b) the financial effects of the Acquisition on the consolidated EPS were computed assuming the Acquisition had been effected on 1 April 2020; and
- (c) the expenses in connection with the Acquisition have been disregarded.

##### 4.2 Financial Effect on NTA per TLShare

The financial effect of the Acquisition on the NTA per TLShare for FY2021, assuming that the Acquisition had been effected at the end of 31 March 2021, is S\$Nil.

##### 4.3 Financial Effect on EPS

The financial effect of the Acquisition on the EPS for FY2021, assuming that the Acquisition had been effected at the beginning of FY2021, is an increase of S\$0.06 cents to S\$0.43 cents, representing an increase of 16.22% over the actual EPS of S\$0.37 cents.

## 5. Relative Figures under Rule 1006 of the Catalyst Rules

The relative figures for the Acquisition as computed on the bases set out in Rule 1006 of the Catalyst Rules, based on the audited consolidated financial information of the Group for FY2021, are as follows:

Rule	Bases	Relative figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	14.16% <sup>(1)</sup>
1006(c)	Aggregate value of Consideration given, compared with the Company's market capitalisation based on the total number of issued TLShares excluding treasury shares	0.00% <sup>(2)(3)</sup>
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

### Notes:

- (1) *The audited net profit before income tax, minority interests and extraordinary items of the Shares for FY2021 was S\$200,530. The audited net profit before income tax, minority interests and extraordinary items of the Group for FY2021 was S\$1,415,812.*
- (2) *The Consideration for the Acquisition is S\$1.*
- (3) *The Company's volume weighted average price of S\$0.142 per TLShare as at 29 October 2021, being the last market day on which the TLShares were traded preceding the date of the Agreement. The total number of TLShares issued by the Company is 274,400,000. The market capitalisation of the Company is approximately S\$38,964,800.*

As the relative figure computed on the bases set out in Rule 1006(b) of the Catalyst Rules exceeds 5% but does not exceed 75%, the Acquisition is classified as a "discloseable transaction" under Rule 1010 of the Catalyst Rules.

## **7. Rationale for the Acquisition**

- 7.1 The prolonging disruptions caused by the COVID-19 pandemic present unprecedented challenges for BJXH. To manage its business risk exposure, BJXH intends to withdraw their investment in Singapore and focus on their domestic market in China.
- 7.2 The Acquisition will allow the Group, as its sole shareholder, to have complete control over the financial and operating policies of TLXH.
- 7.3 In conjunction with the Acquisition, the Group and BJXH are in discussion to dispose the Group's 40% shareholding interests of its associate company, Beijing Xihe Tung Lok Restaurant Company Ltd. ("**XHTL**") to the holding company of BJXH (the "**Disposal**"). The remaining 60% shareholding interests in XHTL is held by BJXH. Similar to the rationale of the Acquisition, XHTL has faced prolong disruptions and challenges caused by the COVID-19 pandemic. The Disposal will enable the Group to exit from its loss-making associate company and focus on its core operations in Singapore.

As at the date of this announcement, no definitive or binding agreements have been entered into or reached by the Group in respect of the Disposal and there is no assurance or certainty that such agreements will be entered into or reached or that such matters will be proceeded with. The Company will make the appropriate announcement(s) should there be any material developments to the Disposal, in compliance with the provisions of the Catalist Rules.

## **8. Interests of Directors and Controlling Shareholders**

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings (if any) in the Company.

## **9. Directors' Service Contracts**

No person is proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no service contract in relation thereto is proposed to be entered into between the Company and any such person.

## **10. Document for inspection**

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 26 Tai Seng Street #02-01 Singapore 534057 for a period of three (3) months from the date of this Announcement.

## **By Order of the Board**

Mr Tjioe Ka Men  
President/Chief Executive Officer  
Date: 1 November 2021

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This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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