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**DISPOSAL OF 40% INTERESTS IN AN ASSOCIATE COMPANY - BEIJING XIHE TUNG LOK RESTAURANT COMPANY 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, My Humble House in Beijing (Restaurant) Company Ltd. (“**MHHB**”), which is 100% owned subsidiary of Tung Lok (China) Holdings Pte. Ltd. (“**TLCH**”), had entered into a Share Transfer Agreement (“**Agreement**”) today to dispose its entire 40% shareholding interests (the “**Disposal**”) in Beijing Xihe Tung Lok Restaurant Company Ltd. (“**XHTL**”) which comprise of issued and paid-up capital of CNY400,000 (equivalent to approximately S\$84,317<sup>1</sup>) (“**Shares**”). TLCH is a wholly-owned subsidiary of the Company.
- 1.2 Prior to the disposal of the Shares, XHTL is 40%-owned associate company of MHHB and the remaining 60% interests in XHTL is held by Beijing Xihe Food & Beverage Co., Ltd (“**BJXH**”).
- 1.3 Following the completion of Disposal, XHTL shall cease to be an associate company of MHHB and the Group shall have no remaining shareholding interest in XHTL.
- 1.4 The purchaser of the Shares is Beijing Xihe Catering Management Co., Ltd. (北京羲和餐饮管理股份有限公司) (“**BJXHCM**” or the “**Purchaser**”) which is the holding company of BJXH. Both BJXHCM and BJXH are non-related entities to the Company.
- 1.5 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 XHTL and the Purchaser**

- 2.1 XHTL is a company incorporated in the People’s Republic of China and currently operates two (2) restaurant outlets in Beijing, China. The Purchaser had incorporated and invested 60% shareholding interests in XHTL in January 2014, with MHHB holding the remaining 40% shareholding interests in XHTL.
- 2.2 The issued and paid-up capital of XHTL as at the date of this announcement is CNY1 million (equivalent to approximately S\$210,793<sup>1</sup>). As at 31 March 2021, the net tangible liability value attributable to the Shares was CNY992,000 (equivalent to approximately S\$209,106<sup>1</sup>).
- 2.3 XHTL’s audited net loss after tax for the financial year ended 31 March 2021 (“**FY2021**”) was CNY1,818,823 (equivalent to S\$366,311<sup>2</sup>). Net loss for FY2021 attributable to the Shares being disposed amounted to CNY727,529 (equivalent to S\$146,524<sup>2</sup>).
- 2.4 The Purchaser 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 Purchaser has agreed to purchase, and the Company has agreed to sell the Shares for a consideration of CNY1 (“**Consideration**”) (equivalent to approximately S\$0.21<sup>1</sup>) 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 liability value of the Shares, the financial losses of XHTL as well as the current difficult operating conditions amid the prolonging COVID-19 pandemic.

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<sup>1</sup> Based on the exchange rate of CNY4.744 per S\$1.00 on 1 November 2021

<sup>2</sup> Based on the average exchange rate of CNY4.965 per S\$1.00 of FY2021

3.2 The rationale for the Disposal is described in paragraph 7 of this announcement.

3.3 The Disposal of the Shares has been completed today.

#### **4. Financial Effects of the Disposal**

##### **4.1 Assumptions**

The financial effects of the Disposal 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 Disposal.

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

##### **4.2 Loss or Gain on Disposal**

On the basis that the Disposal and the Acquisition (as defined below) are treated as separate transactions, there would not be any loss or gain on disposal as the carrying value of the Group's investment in XHTL as at 31 March 2021 is \$Nil.

##### **4.3 Financial Effect on NTA per TLShare**

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

##### **4.4 Financial Effect on EPS**

The financial effect of the Disposal on the EPS for FY2021, assuming that the Disposal had been effected at the beginning of FY2021 is an increase of S\$0.05 cents to S\$0.42 cents, representing an increase of 13.51% over the actual EPS of S\$0.37 cents.

#### **5. Relative Figures under Rule 1006 of the Catalist Rules**

Rule 1005 of the Catalist Rules provides that separate transactions completed within the last twelve (12) month may be aggregated and treated as if they were one transaction for the purpose of determining the classification of a transaction pursuant to Rule 1004 of the Catalist Rules.

The Company refers to its announcement dated 1 November 2021 in relation to the acquisition of 40% remaining shareholding interests in Tung Lok Xihe Restaurant Pte. Ltd. from BJXH (the "Acquisition") which was completed on 1 November 2021. Given that BJXH and its holding company, BJXHCM, are involved in both the Disposal as well as the Acquisition and the date of Disposal is within twelve (12) months from the date of Acquisition, the Disposal and Acquisition may be considered as a single transaction pursuant to Rule 1005 of the Catalist Rules, for the purpose of determining how the transaction should be classified in accordance with Rule 1004 of the Catalist Rules.

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

Rule	Bases	Relative figures for the Disposal	Relative figures for the Acquisition <sup>(5)</sup>	Aggregate relative figures for the Disposal and the Acquisition <sup>(6)</sup>
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	0.00% <sup>(1)</sup>	Not applicable	Not applicable
1006(b)	Net profits attributable to the assets disposed of or acquired, compared with the Group's net profits	(10.35%) <sup>(2)</sup>	14.16% <sup>(5)</sup>	3.81%
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>(3)(4)</sup>	0.00% <sup>(5)</sup>	0.00% <sup>(4)</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	Not applicable	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	Not applicable	Not applicable

**Notes:**

- (1) *Based on the latest audited consolidated financial statement of the Group for FY2021, the net asset value of the Group was S\$12,579,525 and the net asset value attributable to the Shares was S\$Nil.*
- (2) *The audited net loss before income tax, minority interests and extraordinary items of the Shares for FY2021 was S\$146,524. The audited net profit before income tax, minority interests and extraordinary items of the Group for FY2021 was S\$1,415,812.*
- (3) *The Consideration for the Disposal is CNY1 (equivalent to approximately S\$0.21<sup>1</sup>).*
- (4) *The Company's volume weighted average price of S\$0.142 per Share as at 1 November 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.*
- (5) *Please refer to the Company's announcement dated 1 November 2021.*
- (6) *For the purpose of Rule 1005 of the Catalist Rules, the Company has aggregated the relative figures from the Disposal and the Acquisition as a single transaction. The aggregated relative figures of each of Rule 1006(b) and Rule 1006(c) amounts to 5% or less. As such, the combined Disposal and Acquisition as a single transaction would be considered a "non-discloseable transaction" under Rule 1004 of the Catalist Rules.*

<sup>1</sup> Based on the exchange rate of CNY4.744 per S\$1.00 on 1 November 2021

As the relative figure computed on the bases set out in Rule 1006(b) of the Catalist Rules in respect of the Disposal is a negative figure and the Disposal involves the disposal of a loss-making asset where:

- (i) the absolute relative figure computed on the basis of each of Rule 1006(a) and Rule 1006(c) amounts to 5% or less; and
- (ii) there was no loss on disposal.

Accordingly, the Disposal falls under paragraph 4.3(e) of Practice Note 10A, and hence constitutes a “*non-discloseable transaction*” within the meaning of Rule 1004 of the Catalist Rules.

Nonetheless, disclosures per Rule 1010 of the Catalist Rules relating to the Disposal have been made in this announcement in view that the Disposal and Acquisition may be considered as a single transaction pursuant to Rule 1005 of the Catalist Rules.

## **7. Rationale for the Disposal**

The prolonging disruptions caused by the COVID-19 pandemic present unprecedented challenges for XHTL. The Disposal enables the Group to exit from its loss-making associate company and allows the Group to focus on its core operations in Singapore.

## **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 Disposal, 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 Disposal. 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: 2 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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