

JUMBO GROUP LIMITED
(Company Registration No. 201503401Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF 75% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KOK KEE WANTON NOODLE PTE. LTD.

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Jumbo Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company’s indirect wholly-owned subsidiary, Jumbo Group of Restaurants Pte. Ltd. (“**JGOR**”), had on 26 November 2020, entered into a sale and purchase agreement (the “**Agreement**”) with Ms. Leong Goh Lian (the “**Vendor**”) to acquire 750 ordinary shares (“**Sale Shares**”) representing 75% of the total issued and paid-up share capital of Kok Kee Wanton Noodle Pte. Ltd. (“**Kok Kee**”) from the Vendor (the “**Proposed Acquisition**”).
- 1.2. Upon completion of the Proposed Acquisition, Kok Kee will become an indirect subsidiary of the Company. The remaining 25% of the total issued and paid-up share capital of Kok Kee will continue to be held by the Vendor.

2. INFORMATION ON KOK KEE AND THE VENDOR

The Vendor has close to 35 years of experience in operating the food stall under the tradename “Kok Kee Wanton Noodle” and/or “国记云吞面” (in simplified and/or traditional Chinese) (collectively, the “**Tradename**”) and using the trade mark(s) (“**Trademark**”) in association therewith (the “**Business**”). The Vendor is not related to the Directors or controlling Shareholders of the Company and their respective associates. As at the date of this announcement, the Vendor does not have any interest in the shares of the Company.

The Business started in 1985 as a humble wanton noodle food stall at Lavender Food Square in Singapore before moving to Hoa Nam Building in Jalan Besar. Operations of the Business ceased briefly between 2016 and 2019 before it recommenced at its present location, Bistro 8 coffeeshop at 30 Foch Road, Singapore 209276 (“**Bistro 8 Coffeeshop**”). Known for its springy noodles and special lard-based sauce, the Business, together with the Tradename, is a familiar and popular name among many Singaporeans. Apart from its noodles, it is also known for its soup dumplings and crispy wontons. The Business has also been featured by various local food critics and mainstream news portals, such as The Straits Times, AsiaOne and Mothership, when the stall reopened at Bistro 8 Coffeeshop.

Kok Kee is a private company incorporated in Singapore on 23 October 2020 and has, as at the date of this announcement, an issued and paid-up share capital of S\$1,000 comprising 1,000 ordinary shares.

In connection with the Proposed Acquisition, the Vendor will transfer or undertake to transfer the whole of the Business (as a going concern), including all of the assets used and employed in the Business (including, *inter alia*, the Trademark and the Tradename), free of encumbrances, to Kok Kee (“**Business Transfer**”) on or prior to Completion (as defined below).

As Kok Kee was incorporated on 23 October 2020, no financial statements or management accounts have been or will be prepared on or prior to Completion. As such, the Company does not have information on the book value or the net tangible asset attributable to the Sale Shares. The open market value of the Sale Shares is also not available as the Sale Shares are not publicly traded and no valuation of the Sale Shares was commissioned.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1. Conditions Precedent

Completion of the Proposed Acquisition (“**Completion**”) is conditional upon the satisfaction or waiver of, *inter alia*, conditions precedent (the “**Conditions Precedent**”) set out in the Agreement, including:

- (a) the results of due diligence conducted by JGOR in respect of Kok Kee and the Business being satisfactory to JGOR in its absolute discretion;
- (b) completion of the Business Transfer by the Vendor to Kok Kee;
- (c) the entry by the Vendor and relevant personnel involved in the Business into service agreements with Kok Kee;
- (d) there having been no restriction, prohibition, injunction, invalidation or others which prevent (or seek to prevent) the Proposed Acquisition or other transactions contemplated under the Agreement by law, any agreement or any government authorities;
- (e) there having been no legal action, proceeding, suit, litigation, prosecution, investigation, enquiry, arbitration or adverse proceeding that Kok Kee or the Vendor are engaged in or is pending or threatened against Kok Kee or the Vendor, that might reasonably be expected to impair or prevent the completion of the Proposed Acquisition and the matters contemplated therein (including but not limited to the financial position of Kok Kee);
- (f) all licences, authorisations, orders, grants, confirmations, permissions, registrations, consents and other approvals under all applicable laws or as required for the purposes of the Proposed Acquisition and the matters contemplated therein have been obtained on terms and conditions acceptable to JGOR in its absolute discretion and are in full force and effect; and
- (g) all representations and warranties, obligations, covenants and undertakings of the Vendor under the Agreement having been complied with and being true, accurate and not misleading as at the Completion Date (as defined below).

3.2. Aggregate Consideration

The aggregate consideration for the Proposed Acquisition is S\$2,100,000 (the “**Consideration**”) comprising (a) S\$1,050,000 payable on Completion, and (b) S\$1,050,000 payable upon the fulfilment by the Vendor of certain conditions as specified in the Agreement, including, *inter alia*, the transfer of certain operational know-how of the Business to JGOR having, in JGOR’s sole and absolute discretion, been completed satisfactorily.

The Consideration was determined based on arms’ length negotiations and was arrived at on a willing-buyer, willing-seller basis, taking into account, *inter alia*, various factors such as the existing assets, intellectual property rights (including, but not limited to, the Tradename and the Trademark), and business prospects of Kok Kee.

3.3. Manner of Payment of Consideration

The Consideration shall be satisfied partly in cash (utilising internal resources of the Group) and partly by the allotment and issuance of ordinary shares in the capital of the Company (“**JGL Shares**”) in the proportion of 70% and 30%, respectively, comprising S\$735,000 to be satisfied in cash and S\$315,000 to be satisfied by the allotment and issuance of such number of Consideration Shares for each relevant payment of the Consideration.

Subject to certain conditions, the number of JGL Shares to be issued to the Vendor to satisfy any part of the Consideration (“**Consideration Shares**”) shall be computed based on the formula below:

$$\text{Number of Consideration Shares} = \frac{\text{Amount of Consideration to be paid by way of allotment and issuance of JGL Shares}}{\text{Market Value of JGL Shares}}$$

PROVIDED ALWAYS THAT (i) in the event that the number of Consideration Shares computed based on the formula above is not a whole number, it shall be rounded down to the nearest whole number, (ii) such number of Consideration Shares to be issued as payment for each relevant payment of the Consideration shall not exceed 0.5% of the then aggregate issued JGL Shares as at the payment date of such Consideration, and (iii) “**Market Value**” shall mean the average of the closing market prices of JGL Shares over the last five (5) market days, on which transactions in JGL Shares were recorded, before the day on which any payment is due to the Vendor by way of issuance of the Consideration Shares.

3.4. **Consideration Shares and Moratorium**

The Consideration Shares will be issued pursuant to the Company’s general share issue mandate obtained on 17 January 2020. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the then existing JGL Shares. United Overseas Bank Limited, as the sponsor of the Company, will be making an application on behalf of the Company to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the dealing in, listing of and quotation for the Consideration Shares on the Catalist Board of the SGX-ST.

The Vendor has undertaken to JGOR, that for a period of two (2) years from each date of issuance of the Consideration Shares, she shall not, except with the prior written consent of JGOR, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of such Consideration Shares.

3.5. **Completion**

Completion shall take place on the date falling three (3) business days following the date the last Condition Precedent has been satisfied or waived, or such other date as may be agreed in writing between the Vendor and JGOR (the “**Completion Date**”). In the event that any of the Conditions Precedent is not fulfilled or waived in accordance with the Agreement on or before 31 January 2021, or such other date as the Vendor and JGOR may mutually agree in writing, the Agreement shall terminate in accordance with the terms therein.

4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Board is of the view that the Proposed Acquisition is in the best interests of the Company and its shareholders (“**Shareholders**”), taking into account, among others, the following:

- (a) the Proposed Acquisition is in line with the Group’s strategy to continually expand its stable of food and beverage brands to further strengthen and grow its presence and market share in Singapore;
- (b) Kok Kee will grant JGOR the exclusive rights to develop a franchise system for the Business in Singapore and elsewhere, allowing the Group to expand and grow its presence beyond Singapore; and
- (c) the Proposed Acquisition will provide future revenue streams and operating cash flow for the Group, thereby enhancing Shareholders’ value.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SGX-ST (THE “CATALIST RULES”)

5.1. The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition based on the unaudited consolidated financial statements of the Group for the financial year ended 30 September 2020 (“FY2020”) are as follow:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable as the Proposed Acquisition is not a disposal
(b)	Net profits attributable to the Sale Shares to be acquired, compared with the Group’s net profits	Not meaningful ⁽¹⁾
(c)	Aggregate value of the Consideration compared with the Company’s market capitalisation, based on the total number of issued shares excluding treasury shares	1.02% ⁽²⁾
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not meaningful ⁽³⁾
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven 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 as the Proposed Acquisition is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) Not meaningful as Kok Kee was newly-incorporated on 23 October 2020.
- (2) Computed based on the Consideration of S\$2,100,000 and the market capitalisation of the Company of approximately S\$205,179,803 is determined by multiplying the 640,386,400 JGL Shares in issue (excluding treasury shares) by the volume-weighted average price of the JGL Shares of S\$0.3204 on 25 November 2020 (being the immediate market day preceding the date of signing of the Agreement).
- (3) Not meaningful. However, the Agreement provides that the number of Consideration Shares to be issued to satisfy any relevant payment of the Consideration shall not exceed 0.5% of the then aggregate issued JGL Shares as at the payment date of each relevant payment of the Consideration.

5.2. As none of the relative figures under Rule 1006 exceeds 5%, the Proposed Acquisition constitutes a “non-discloseable transaction” under Chapter 10 of the Catalist Rules. However, as the Proposed Acquisition is to be partly satisfied by the allotment and issuance of the Consideration Shares, this announcement is made pursuant to Rule 1009 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1. Bases and Assumptions

The financial effects of the Proposed Acquisition on the Group are set out below. The financial effects are shown for illustrative purposes only, and they do not necessarily reflect the exact future financial position and performance of the Group immediately after Completion and the fulfilment of certain conditions by the Vendor in respect of the payment of the second tranche of the Consideration. The financial effects set out below have been presented using the unaudited consolidated financial statements of the Group for FY2020.

6.2. **Share capital**

As a result of the Proposed Acquisition and on the basis that the maximum number of Consideration Shares will be issued at each relevant payment date of such part of the Consideration, the Company's issued and paid-up share capital will increase from 640,386,400 JGL Shares (excluding treasury shares) to 642,367,532 JGL Shares (excluding treasury shares).

For illustration purposes only, the Consideration Shares, if fully issued as at the date of this announcement, is 1,981,132 JGL Shares and will represent approximately 0.31% of the total number of issued JGL Shares as at the date of this announcement and approximately 0.31% of the enlarged total number of issued JGL Shares upon issuance of the Consideration Shares.

6.3. **Net asset value ("NAV") per share**

Assuming that the Proposed Acquisition had been effected at the end of FY2020, the effect of the Proposed Acquisition on the NAV per share of the Group for FY2020 is not meaningful as the NAV per share of the Group is approximately S\$0.086 before and after the Proposed Acquisition.

6.4. **Earnings per share ("EPS")**

Assuming that the Proposed Acquisition had been effected at the beginning of FY2020, the effect of the Proposed Acquisition on the EPS of the Group for FY2020 is not meaningful as the EPS of the Group is approximately negative S\$0.013 before and after the Proposed Acquisition.

In addition, the Proposed Acquisition is not expected to have any material effect on the NAV per share of the Group and the EPS of the Group for the financial year ending 30 September 2021.

7. **SERVICE CONTRACT**

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

8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for respective directorships and/or shareholdings in the Company and/or its subsidiaries (as the case may be), none of the Directors or controlling Shareholders and their respective associates have any interest, direct, or indirect, in the Proposed Acquisition.

9. **DOCUMENTS 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 4 Kaki Buki Avenue 1, #03-08, Singapore 417939 for a period of three (3) months from the date of this announcement.

10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately

and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep Shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

12. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors should note that completion of the Proposed Acquisition is subject to fulfilment of various conditions as set out in the Agreement. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Ang Kiam Meng
Group CEO and Executive Director

26 November 2020

This announcement has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with Rules 226(2) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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.

The contact persons for the Sponsor are Mr. David Tham, Senior Director, Equity Capital Markets and Ms. Priscilla Ong, Vice President, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.