

ASPEN (GROUP) HOLDINGS LIMITED

Company Registration No.: 201634750K
(Incorporated in the Republic of Singapore)

A. INCORPORATION OF A DIRECT WHOLLY-OWNED SUBSIDIARY IN SINGAPORE

B. ENTRY INTO A MASTER FRANCHISE AGREEMENT WITH KANADA-YA UK LTD.

1. INCORPORATION OF A DIRECT WHOLLY-OWNED SUBSIDIARY

The Board of Directors (the “**Board**”) of Aspen (Group) Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has incorporated a direct wholly-owned subsidiary in Singapore effectively on 29 April 2019 (the “**Incorporation**”), the details of which are set out below: -

<i>Name of wholly-owned subsidiary</i>	: Kanada-Ya SG Pte. Ltd. (“ Kanada-Ya SG ”)
<i>Jurisdiction of incorporation</i>	: Singapore
<i>Date of incorporation</i>	: 29 April 2019
<i>Principal activities</i>	: Restaurants
<i>Issued share capital</i>	: S\$1.00
<i>Paid-up share capital</i>	: S\$1.00

The incorporation of Kanada-Ya SG is funded through the Company's internal resources and is not expected to have any material impact on the earnings per share and the net tangible assets per share of the Group for the current financial year ending 31 December 2019.

2. ENTRY AND EXECUTION OF MASTER FRANCHISE AGREEMENT

The Board further wishes to announce that Kanada-Ya SG has on 29 April 2019 entered into a Master Franchise Agreement (the “**MFA**”) with Kanada-Ya UK Ltd. (the “**Franchisor**”) to acquire the rights as the master franchisee for the ‘KANADA-YA’ brand (the “**Franchise Transaction**”) at a franchise fee of GBP370,000 (approximately SGD651,000) (“**Franchise Fee**”). The Franchise Fee which was derived on a “willing buyer willing seller basis” after taking into account the territorial rights involved and the potential of the business, shall be payable to the Franchisor progressively, i.e. 50% on execution of the MFA, 25% on the opening of the first outlet and the final 25% 9 months thereafter. Further, Kanada-Ya SG shall also pay the Franchisor royalty fees of 2.7% over Kanada-Ya SG’s gross revenue. Further information of the Franchise Transaction is as detailed below: -

- (i) the Franchisor grants to Kanada-Ya SG an exclusive right to establish and operate KANADA-YA outlets as well as develop the Franchise Business (as defined hereinbelow) in Malaysia, Thailand and Singapore (collectively, the “**Territories**”) for a term of 10 years with an automatic extension for another 10 years from the date of the MFA;

- (ii) Kanada-Ya SG is granted the right to enter into franchise agreements with such third-party franchisees to establish and operate KANADA-YA outlets in the Territories under a sub-franchise;
- (iii) the Franchisor will not operate or authorise any party other than Kanada-Ya SG to operate KANADA-YA outlets or develop the Franchise Business in the Territories;
- (iv) Kanada-Ya SG may form an affiliate (an entity in which Kanada-Ya SG has a controlling interest) to establish and operate KANADA-YA outlets in the Territories; and
- (v) the Franchisor grants to Kanada-Ya SG the right to use and to license the use of 'KANADA-YA' trademark and such other trademark service mark and other indication or emblem related to the Franchise Business (collectively, the "**Proprietary Marks**") as well as systems and any other copyright material related to the operation, development, marketing, promotion etc. of the Franchise Business.

The Franchise Fee and initial capital expenditure for the Franchise Transaction shall be funded through the Company's internal resources and is not expected to have any material impact on the earnings per share and the net tangible assets per share of the Group for the current financial year ending 31 December 2019. Subsequent capital expenditure is expected to be funded through internal resources and/or bank borrowings.

3. INFORMATION ON THE FRANCHISOR

The Franchisor is a UK registered company and has developed a system for the operation of specialised authentic Japanese ramen dining outlets under the 'KANADA-YA' brand using the Proprietary Marks and systems owned or licensed by the Franchisor (collectively, the "**Franchise Business**").

'KANADA-YA' brand is an award-winning Japanese ramen brand founded in 2009 which currently operates in London, Japan and Hong Kong.

4. RATIONALE

The Group is constantly seeking for new investment opportunities that could potentially maximise the interest of the shareholders of the Company. The Board is of the view that diversification of business is important in order to expand the business to reach long-range financial goals while mitigating risks.

The Franchise Transaction involves an award-winning brand which has established itself in its existing business territories and with immediate plans to expand to new territories, demonstrating a strong and versatile business model.

The Board is of the view that the Franchise Transaction is a valuable opportunity for the Group to diversify and expand its business. The Franchise Transaction could also provide the Group with a new revenue stream as well as to improve its prospects for long-term growth.

The Franchise Transaction will also avail the Group to have an international brand food and beverage outlet to be operated in commercial properties developed by the Group and also the Group's associates and affiliates in the Territories.

The Franchise Transaction is currently not expected to change the business risk profile of the Group. However, in the event that the Franchise Transaction will progress to a stage which would result in a significant change in the business risk profile of the Group, the Company will seek its shareholders' approval prior to entering into such stage.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling shareholders of the Company has any interests, direct or indirect in the Incorporation and the MFA (other than through their respective effective shareholding interests in the Company, if any).

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

Dato' Murly Manokharan
President and Group Chief Executive Officer
29 April 2019

Aspen (Group) Holdings Limited (the "**Company**") is listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 July 2017. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined nor approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).